

APRIL 1977

Nation's Business



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Canon has put some dynamic ideas into a new copier. And if your office has low-to-medium copying requirements, it'll be a good idea to read about it.

The new copier is called the Canon NP-50. It's engineered with the same type of rugged solid state technology used by the aerospace industry, where reliability is an absolute must. And it's so compact it fits anywhere it's needed...some other manufacturers' machines won't even fit in your office. The Canon NP-50 has features that produce clear, legible copies in statement, letter and legal size, on plain paper that can be written on immediately. It also copies onto transparencies and colored plain paper.

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The MANAGEABLE MINICOMPUTER

Nation's Business

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Rules to Follow in Building Your Estate

Many successful business executives fail at managing their own affairs.

One reason is that they lack time or patience to invest wisely, Edwin E. Gatewood, Jr., says.

Mr. Gatewood is president of Oakland Financial Group, Inc., Charlottesville, Va., an independent financial consulting firm. Here are some rules executives should follow, Mr. Gatewood says:

- Avoid hasty investments in tax shelters.

One corporate executive found that he had underpaid his estimated income tax by approximately \$25,000. In December he rushed into a cattle-feeding program to establish a deductible tax loss.

The venture was a total failure. He found that it is better to pay 65 percent of your earnings in taxes than to lose 100 percent in a faulty tax shelter.

- Diversify your investments.

An executive can find himself wealthy, on paper, through the exercise of stock options. But he can become almost a pauper overnight if the price of the stock tumbles and he is stuck with large bank loans he obtained to pay for the stock.

- Keep your estate liquid.

One entrepreneur founded a successful business. He wound up as board chairman, owning 500,000 shares of stock worth \$2.5 million. However, his company's stock was

closely held and listed on no exchange.

The stock was seldom traded over the counter. An offer to sell as few as 500 shares might depress the price of the stock half a point.

If the chairman died, his half-million shares could be sold on the market for only a fraction of their book value. His family had little security despite the paper fortune.

- Coordinate your financial strategies.

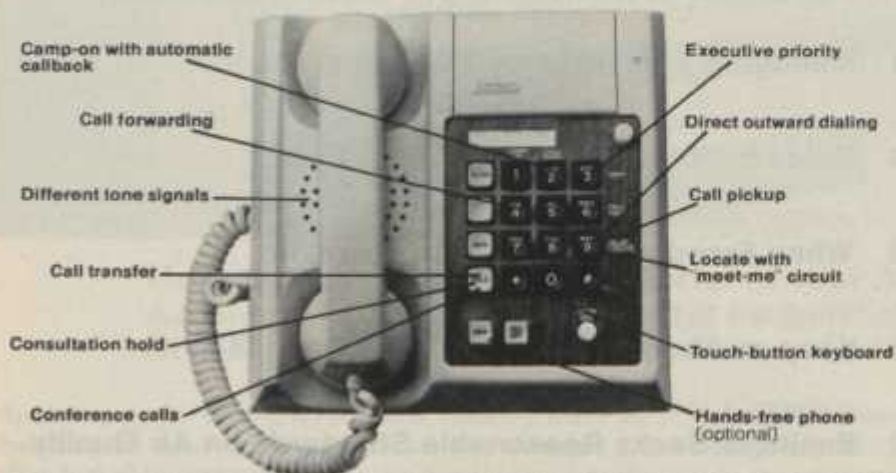
Investors are sometimes inconsistent through lack of forethought.

Take the wealthy executive who had high cash values in his insurance, no mortgage on his home, and a sizable bank balance. At the same time, he was buying stocks on margin, and the interest charged on his margin account was higher than the return on the stocks he owned.

He was a conservative businessman who was playing the market on borrowed money which he did not need to borrow.

Mr. Gatewood offers this advice on building and protecting an estate:

Be cautious before you risk your money. To find one investment that pays off, be prepared to analyze 100. And best of all, consult a reputable financial counselor.



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What Stockholders May Ask at Your Annual Meeting

For the benefit of corporate executives who want advance warning of questions stockholders will ask at annual meetings this spring, here are some clues:

Government regulations, energy shortages, and business ethics are subjects that stockholders are likely to raise.

Recent political and economic developments will make these topics of special interest to shareholders, who will want to know how the developments affect their investments.

That is the forecast of Haskins & Sells, the certified public accounting firm. Haskins & Sells has special ex-

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pertise in this area because its representatives attend hundreds of annual meetings. The firm feels it can knowledgeably predict future stockholder questions on the basis of what has happened at past annual meetings.

Some specific queries corporate spokesmen should be prepared to answer, the firm says, are:

- How much does the company spend each year to comply with the regulations of government agencies?

- What are the potential effects on the company of increased regulation in such areas as environmental standards, energy policies, and the extension of antitrust laws?

- How adversely will production or sales be affected in 1977 by energy shortages?

- Can the company use alternative sources of energy?

- Would deregulating natural gas and other fuels have a significant impact on the company?

- Has the company developed a code of conduct for its personnel which bars illegal gifts at home and abroad?

- Are the company's internal controls adequate to prevent or detect illegal or questionable payments, fraud, inventory shortages, or accounting errors?

These queries and others are listed in a 24-page Haskins & Sells booklet: "Questions at Stockholders Meetings—1977."

It is an advantage to anticipate the questions stockholders may ask at annual meetings, the accounting firm says.

"Then," a company spokesman adds, "you can respond more completely, more accurately, and avoid the embarrassment of being ill-prepared."

Inflation and M. B. A. Salaries

Starting salaries for graduates of The Wharton School, at the University of Pennsylvania, now average about \$18,000 a year and run as high as \$35,000.

These figures are based on reports from Wharton alumni who were awarded the degree of master of business administration in May, 1976.

A comparison of average starting salaries for the class of '76 with those of previous M. B. A. classes shows an

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increase of 27.9 percent over the past five years. Here are the figures:

| YEAR | SALARY |
|------|----------|
| 1972 | \$14,200 |
| 1973 | \$15,645 |
| 1974 | \$16,452 |
| 1975 | \$16,884 |
| 1976 | \$18,159 |

Inflation has outstripped the increase in starting salaries, Wharton points out. Over the same five-year period prices rose 36 percent, as shown by the consumer price index.

The picture apparently is the same for other business school graduates.

"The American Assembly of Collegiate Schools of Business has not made a study of inflation's effect on graduates' starting salaries," says AACSB President William C. Flewellen, dean of the College of Business Administration at the University of Georgia.

"Our observations, however, suggest that inflation has eroded M. B. A. starting salaries."

At the same time, Dean Flewellen says, those salaries have kept up with inflation better than per capita income for the nation as a whole.

Why U. S. Productivity Is Not Growing Faster

A shortage of investment capital is the villain behind our nation's lagging economic growth.

Howard C. Lockwood, chairman of The National Management Association's Productivity Committee, says:

"It is wrong to blame workers for America's lagging productivity growth."

Workers are often blamed, he says, because the standard measure of output is based on man-hours. That yardstick fails to take capital investment into account.

"There is a direct relationship between what a country invests in improved facilities, methods, and machines and its rate of productivity growth," Mr. Lockwood says.

Between 1960 and 1973, he points out, the U. S. had a "manufacturing investment ratio"—i.e., fixed investment as a percentage of manufacturing output—of 11.2. Japan's ratio was more than double that.

In the same period America's annual rate of productivity grew an average of 3.3 percent. Japan's rate grew 10.5 percent. ☐



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Hyster: the way to measure a lift truck.



Sports Boom Aids Fiberglass

The American desire for enjoyment is producing enjoyable news for the fiberglass industry.

Fiberglass makers predict expanding use of their products by all types of industries, but are particularly optimistic over the prospects for fiberglass in sports and recreation equipment.

Use of fiberglass-reinforced plastics in the manufacture of sports and recreation gear, ranging from skis to motor homes, increased a healthy 59 percent last year. And American spending for such products is expanding.

In all, sales of sports and recreation equipment came to \$12 billion last year. Economists are predicting such sales will top \$20 billion in 1980, with Olympic Games that year helping to spur consumer interest in some products.

Donald L. Miller, manager of consumer and recreation marketing for Owens-Corning Fiberglas Corp., says there are two principal reasons for growth in the fiberglass sports products field: Fiberglass is easy and comparatively inexpensive for manufacturers to work with, and sports equipment made with fiberglass gives the average American hope of attaining superstar performance levels.

For example, Mr. Miller says, downhill skiers go 15 miles per hour faster with fiberglass skis than with wooden skis.

In 1976 approximately 102 million pounds of fiberglass laminates were used in the consumer recreational field. The fiberglass industry projects this demand to rise to 160 million pounds annually by the time the torches are lit at Lake Placid and Moscow for the 1980 Olympic events.

Fowler Blauvelt, a senior vice president of Owens-Corning Fiberglass, says the entire fiberglass industry is likely to grow at an annual rate of 14 percent through 1981. The Society of the Plastics Industry, Inc., reports 1.5 billion pounds of reinforced plastics were produced in 1976 and estimates 1.75 billion

pounds will be turned out this year.

With the exception of the aircraft and aerospace industry, which showed no increase in demand for fiberglass last year, use in all other industries was way up. All-time highs were set for fiberglass use in land transportation, construction, electrical equipment, and appliances. •

New Device May Speed Oil and Gas Drilling

The need to drill deeper and deeper is adding appreciably to the cost of domestic exploration for oil and gas. Every day a multimillion-dollar rig is on a site, the more expensive becomes the oil, if any, that is produced.

A system called ELECTRODRIL may help cut these costs.

The system, developed jointly by General Electric Corp. and Roy Cullen, an oilman from Houston, uses an electric motor attached directly above the drill bit to provide the primary drilling power. The Energy Research and Development Administration has funded \$773,000 to help industry test the concept in the Gulf Coast area. Industry will put up another \$903,000 for the project.

In the early days of U. S. oil drilling, wells were punched into the ground by a heavy, sharp plunger. Then came rotary drilling, with a bit attached to drill pipe and the rotary motion coming from a power source at ground level. To drill deeper and deeper wells requires that power be transferred through several miles of pipe.

ELECTRODRIL is expected to speed oil and gas exploration in several ways:

- Having the turning power at the bit should mean more power where it counts, permitting more rapid drilling.
- There will be less strain on pipe and therefore less chance of breakdowns.
- A novel sensor attached to the drill head will tell oilmen on the

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A major advantage will be the ability to spot conditions indicating a dangerous and expensive blowout. ERDA officials say this will contribute significantly to safer drilling operations, since counteracting a subsurface pressure imbalance will be much simpler.

The industry team will evaluate two ELECTRODRIL's, one a 60-horsepower unit for use in offshore directional drilling and the other a 285-horsepower model for use in drilling through hard formations typically encountered in deep probing for oil and gas.

More than 43,000 oil and gas wells are expected to be drilled in the U. S. and off its shores this year—the highest number in 13 years. Total well footage is expected to stretch 196 million feet—one and a half times around earth at the equator. •

New Compound Absorbs 5,300 Times Its Weight

The Agriculture Department's Agricultural Research Service has developed a crystalline compound that absorbs 5,300 times its weight.

The compound, which the service calls Super Slurper, is an improvement on a substance discovered in 1973 by Agriculture Department chemists studying ways to combine man-made compounds with starch from farm crops. The scientists produced a cornstarch combination that would absorb 300 times its weight of water without dissolving.

Later a second generation of Slurper, as the Agricultural Research Service called it, was discovered. It absorbed 2,000 times its weight.

So far some 80 uses for slurpers have been found, and the service predicts a potential market of 750 million to a billion pounds a year. The service says the slurpers can be used, for example, in soil applications and seed coatings; oil recovery; diapers, bandages, towels,

and other absorbent soft goods; waste disposal; and industrial applications such as removal of lime from metals.

Three firms currently are producing quantities of the Super Slurper: General Mills Chemicals, Inc., Minneapolis; Advanced Polymer Technology, Huntington Beach, Calif.; and Super Absorbent Co., Lumberton, N. C. •

Another Way Sought to Enrich the Soil

If certain types of algae and soil bacteria could be made more prolific in producing nitrogen-containing compounds that enrich the soil, there could be an easing of demand for natural gas and, at the same time, more food for the hungry world.

With that in mind, the National Science Foundation is studying ways to change the genetic makeup of these organisms. Scientists believe that if genetic changes can be accomplished by manipulating the chromosome structure of the organisms, a threefold increase in world food production is possible.

Why would there be less demand for natural gas? Because natural gas is used to produce chemical fertilizers, which in turn would be less in demand.

Probably long before any genetic engineering of the type the scientists are considering is fully developed, the imaginative minds of movie and television writers will be producing scripts featuring mile-high plants or rapidly growing blobs of algae oozing out of the ground and inundating a city. •

New Glass Fiber Aids Transmission by Light

The Bell Telephone Laboratories, working toward the day when conversations and data will be transmitted by light waves, has announced development of a process that produces glass fibers stronger than stainless steel wires of the same diameter.

Bell says kilometer-length, hair-thin glass fibers coated with an organic resin have withstood pulling forces of more than 600,000 pounds per square inch before breaking.

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will permit long lengths of the glass fibers to be manufactured with a low probability of breakage. Bell engineers are looking ahead to the 1980's, when there may be a significant conversion from electrical to light transmission of telephone conversations, video signals, and other signals. Light transmission offers greater capacity and a smaller number of amplification units in a system.

Last year Bell Labs successfully tested a high-capacity light-wave system in Atlanta under simulated conditions. By midyear the Bell telephone system expects to have a one-and-one-half-mile unit in operation in Chicago, serving commercial customers.

A single, half-inch-diameter cable, containing 24 separate light guides, will be installed in standard telephone company ducts under the city streets. Each guide will have the capacity to carry 576 simultaneous conversations or an equivalent mix of voice, video, and other types of signals.

Instead of electrical impulses racing along copper cables at the speed of light, the signals will be impulses of light flowing through fiber cables. Photodetectors will convert the light signals to electrical signals compatible with those transmitted elsewhere. •

Another Source of Electric Power?

A perplexing task for electronics designers is to eliminate noise interference in radios and other equipment. Now an engineer thinks the heat energy that causes the problem can be corralled for the benefit of man.

The Energy Research and Development Administration finds the idea of Joseph C. Yater, president of Energy Unlimited, Inc., Lincoln, Mass., sufficiently promising to award his small firm a \$40,000 contract. The firm is to develop a design for a prototype of a device to harness this energy and produce useful electric power.

Radios and other electronic equipment commonly contain large numbers of resistors which, as the name implies, resist the flow of electricity in order to control the amount of voltage. The electrons in a resistor

continued on page 56B

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When Freedom Is Difficult to Live With

NO OBSCENITY CASE in a long time—certainly not since the Ginzburg and Mishkin cases more than a decade ago—has raised more troublesome questions than the case of Larry Flynt, publisher of "Hustler" magazine. Flynt was convicted in Cincinnati in January under Ohio law; he was sentenced to serve from seven to 25 years in the Ohio penitentiary.

The pornography business is a big business, but it is not the kind of enterprise ordinarily discussed in *NATION'S BUSINESS*. Flynt is a pornographer. He sells licentiousness as other men sell shoes or steel or coffee beans. His stock in trade is lewdness. He has been enormously successful. Flynt launched his magazine in July of 1974. Its circulation now approaches three million a month. Flynt's corporation, based in Columbus, Ohio, employs 250 persons and earns him between \$10 million and \$12 million a year. His associated enterprise, Leisure Time Products, brings in additional profits from the sale of "love kits," novelty jewelry, and the like.

It is the magazine that concerns us. The magazine, if one may judge from the March issue, is tasteless, crude, vulgar, patently offensive. The editorial content, such as it is, is pitched at the literary level of an army latrine. Except for a couple of articles, one on the grisly "sport" of dog-fighting and another a self-serving piece on First Amendment law, the contents deal almost entirely with carnality. The cartoons amount to little more than witless and unfunny graffiti. The photographs of female models emphasize the genitalia in explicit detail. This is "Hustler." It is as crummy a publication as one can find on a newsstand anywhere—sleazy, morbid, dirty, contemptible.

But the question is: Should Larry Flynt be sent to prison for publishing it? Reluctantly, glumly, I have to say no. This is a position I take with no enthusiasm whatever. When this smut peddler invokes the First Amendment as a shield for his sordid publication, I want to retch. If it were not for other considerations, I could see this rogue in prison and never shed a tear.

THE OTHER considerations come first. One such consideration is the rule of law. Another is the nature of a free society. Here we deal with fundamental principles; and these principles are far too precious to be compromised for anything so cheap, and so relatively harmless, as "Hustler" magazine.

Let me touch on the rule of law. This was not a civil proceeding, brought with the intention of confiscating copies of the magazine or enjoining their sale or display. This was a criminal proceeding. Once that line is crossed, from the civil to the criminal, all the familiar requirements of due process come into play.

The accused is entitled to all the protections arising both from the Constitution and from the inheritance of centuries of common law. He must be proved guilty beyond a reasonable doubt. Guilty of what? Guilty of the crime with which he is charged. What was this crime? It was charged that Flynt, in association with others, had published and distributed in the state of Ohio an obscene publication. And what is an "obscene" publication?

There the chain of questions breaks down. In every other field of the criminal law, the elements of the crime are precisely defined. We know what is meant by murder, rape, assault, burglary, embezzlement, counterfeiting, and auto theft. In these areas there is nothing vague. If Flynt had been indicted for robbing a cab driver, his trial would have proceeded routinely from the fact to the inquiry: The crime of robbery had been committed. Did Flynt commit it?

ONLY in the field of obscenity is everything turned upside down. Here there was no question of Flynt's conduct. He published "Hustler." But was this a crime? The jury said it was. In reaching this verdict, the jury relied on the nebulous criteria established by the Supreme Court in a series of decisions dating back to the Roth-Alberts cases of 1957. But these criteria, in terms of criminal law, are as gauzy as mist, as insubstantial as sand. They boil down to subjective determinations of what is "serious" or what is "prurient." In the end, obscenity falls into a class with beauty and ugliness, which lie in the eye of the beholder. This is the rule of law with no rules. I am troubled that any person should be deprived of his liberty thereby.

Another aspect troubles me. One of the great principles of American jurisprudence—a principle engraved in stone on the front of the Supreme Court itself—is equal justice under law. This is the unattainable ideal; it is one of the aims our system of government strives for. In the case at hand, my thought is that Flynt is the subject not of equal justice, but of capricious and selective justice. The newsstands of Cincinnati, Cleveland, Columbus, and every other Ohio city are crowded with magazines in the same class with "Hustler." The dirty jokes in the March "Playboy" are indistinguishable from the dirty jokes in the March "Penthouse." The lip-licking sexual "advice" is served up in identical fashion. A dozen "men's magazines" depict the female sex organs as explicitly as "Hustler" depicts them. And beyond these magazines are the filthy little peep-show houses that abound in truly hard-core pornography. If Flynt is criminally guilty, what of hundreds of others who peddle smut in Ohio? It is not as

if the evidence were hard to come by. The evidence everywhere confronts the sensual eye.

Much more troublesome is the constitutional question arising from the First Amendment. This says that Congress shall make "no law" abridging freedom of the press. Over the past 50 years the prohibition imposed upon Congress under the First Amendment has been extended to the states under the Fourteenth. I confess my own mystification at this judicial legerdemain, but put that argument aside. For all practical purposes Ohio is subject to the same First Amendment that applies everywhere else.

Now virtually no one—not even Mr. Justice Douglas and the late Hugo Black—would construe "no law" to read "positively and absolutely no law whatever." Freedom of speech and of the press are subject to all sorts of constitutional limitations. But no matter how the First Amendment is construed, in terms of its application to libel, advertising matter, postal regulations, newspaper mergers, or whatever, the same constitutional constructions apply universally. Except as to obscenity.

This inexplicable inconsistency lies at the heart of the case of Larry Flynt. The First Amendment deals not only with free speech and free press, but also with establishments of religion and the free exercise thereof. When the Supreme Court rules against prayers in the public schools of New York, the court effectively rules against prayers in public schools anywhere. When the court deals with the rights of Amish parents in Wisconsin, it lays down principles that apply in every other state also. The Sullivan doctrine as to libel began with "The New York Times" in Alabama, but local juries in every jurisdiction are bound by its teachings. We have one Constitution. It sets forth "the supreme law of the land; and the judges in every State shall be bound thereby, any thing in the constitution or laws of any State to the contrary notwithstanding."

It is difficult for me to understand, as a nonlawyer, how the First Amendment can have one meaning in Cincinnati and another meaning in New York. The Supreme Court got itself into this fix in the Roth-Alberts cases by leaving obscenity to be determined by the average person "applying contemporary community standards," but the meaning of "community" was not specifically narrowed until the Miller case in June of 1973. Is a community a town, a city, a county, a metropolitan area? Is it a federal judicial district? The concept of constitutional construction by community appears nowhere else. We do not have community standards for auto theft or bank robbery. How is it that obscenity got to be different?

SO MUCH for questions of law. The Flynt case raises other questions that go to the nature of a free society, and these questions are as intractable and puzzling as the others. Freedom has this in common with Christianity and with other faiths also: It is fearfully difficult to live up to. Consistently to practice the teachings of Christ is a demanding assignment. As

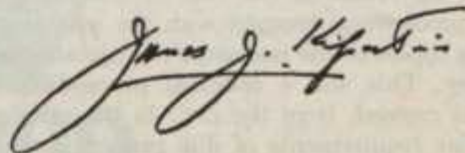
D. Keith Mano has observed, being a good Christian is like keeping in shape: You have to work at it. It is the same thing with practicing one's faith in a free society. Not many of us are up to it. Plenty of businessmen, for one example, make Rotary speeches in praise of free enterprise—and then lobby for protection against competition.

Why the backsliding? It is because freedom, like competition, can be awfully uncomfortable to live with. This is especially true when we get to free speech and free press. Eight years ago, when student demonstrations were heating up, we had the spectacle of students proclaiming their faith in free speech by throttling army recruiters. On the other hand, we witnessed efforts to stifle the young radicals. And more to the point: Since the days of Anthony Comstock, our putatively free society has had to deal with efforts to censor publications that treat the subject of sex.

If we believe in freedom—truly believe in freedom—we ought to undertake such efforts with great care. If our faith in freedom is not strong enough to stomach a "Hustler" magazine, it is perhaps not very strong. It is no big thing, except for Flynt, of course, if Flynt goes to prison. But the law lives on precedents. And once a precedent is established by which local juries may convict the editors of national publications, we may have lost far more than we have gained.

I AM A NEWSPAPERMAN. I love freedom; I abhor censorship. I am a writer. I live by the language; I despise the pornographer's defilements of speech. Simply as a human being, as a father and grandfather, I am saddened at the debasement of a loving sexual relationship by the cheap carnality of the smut peddlers. Obscenity is a kind of pollution: It stinks, it tastes bad, it fouls the clean air of old-fashioned morality. But precisely as businessmen object to governmental efforts to eliminate every last vestige of industrial pollution because the price is too high for the value received, so we ought to be cautious about eliminating forms of sexual expression that may be merely distasteful.

Society is not helpless. A large body of law supports the concept of protecting juveniles. Pornographers can be prevented from public display of their offensive wares. The producers of hard-core films can be reached through laws against prostitution. Through the vigorous, voluntary efforts of schools, churches, and individuals, much more could be done to promote decency and to shame the producers and purchasers of obscene publications. This is the certain remedy: Don't buy the stuff. In a reasonably free marketplace, good products will triumph over bad ones. This is part of our faith in free enterprise, and it ought to work for a free press as well.



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Views on Cutting Health-Care Costs

Your article, "How Business Can Help Cut Health-Care Costs" [February], overlooked what are perhaps the two most significant causes of medical inflation—technology and wages.

Technology has greatly increased the diagnostic and treatment capacities of medical science. Highly skilled professionals and technicians are needed to provide those services. Labor costs go up accordingly.

On the other hand, does anyone propose to reduce medical costs by doing away with open-heart surgery, or with computerized laboratory equipment that makes medical test results available within minutes instead of days?

Minimum wage laws have also contributed to the tremendous increase in hospital costs. Our overall wage costs have gone up 549 percent in the past 20 years, and our payments for employee benefits have gone up 4,235 percent.

LEONARD W. CULLISON
Associate Administrator
Mercy Hospital
Fort Scott, Kans.

Your article was good but simplistic.

You state, for example, that "the health delivery system is an amalgam of small, noncompetitive, inefficient units of production."

Can you document this? I have been told time and again that I and

others like me are inefficient. But the cost of treating patients in government-subsidized clinics is around nine times the amount allowed private physicians for treating patients under various other government health programs.

I would also like to point out that the health maintenance organizations of which you seem so enamored are subsidized by tax money. An HMO here in Jefferson County has about 7,000 subscribers and so far has received about \$2 million in federal grants, plus additional sums from state and local governments. This amounts to a direct subsidy of more than \$300 per subscriber.

How would your business readers like to have their competitors directly subsidized by the federal government?

I agree, however, with your statement that patients have no incentives to avert large medical bills so long as insurance companies are paying them.

Perhaps businesses could provide incentives to employees to avoid using hospital coverage unless absolutely necessary. This could be arranged in various ways. There could be a bonus or rebate to those who do not use medical insurance during a calendar year. There could also be a financial incentive for individuals who do not drink, smoke, or get fat.

ROBERT E. ARNOLD, M. D.
Louisville, Ky.

The suggestion that businessmen become more active in health-care is interesting, inasmuch as businessmen now comprise the vast majority of the membership of hospital boards.

If other businessmen really want to help, however, they will be welcome. If they devote the time necessary, they will have a better understanding of the hospital's perspective on the medical cost issue.

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the two major sources of hospital income, are limited by cost-reimbursement formulas.

- Government regulations imposed on hospitals and physicians increase costs without improving quality of service.

- Neither physicians nor hospitals play any part in negotiating labor-management contracts which include health insurance coverage that in some respects is unnecessary and exotic.

- While hospital personnel deserve a decent income, the \$3 minimum wage now being urged by organized labor would add \$4.4 billion a year to hospital costs.

W. H. KERNS
Executive Vice President
Baptist Medical Centers
Birmingham, Ala.

The medical-care system's own cancer is the cost growth resulting from lack of financial responsibility.

Nonresponsible patients go to nonresponsible doctors who admit them to nonresponsible hospitals controlled by nonresponsible trustees.

The solution lies in the profit incentive. Investor interest in earning a return could be the stimulus for cost efficiencies. Both providers and consumers of health services would support that approach if they shared in the savings.

RICHARD M. ROSS
President
Medaerco, Inc.
St. Louis, Mo.

I appreciate the interest of the business community in forestalling nationalized health care.

The Medicare-Medicaid experiment should be proof enough that intimate federal involvement with the provision of health-care services is not the answer. That experiment involves horrendous bureaucratic and administrative costs, overutilization of medical services, frightening confusion for the poor and the elderly, and less-than-cost reimbursement to providers of medical services.

RICHARD G. SHEDD
Administrator
Dunn Memorial Hospital
Bedford, Ind.

The article left out the all-important cause of medical inflation: the contemporary American life-style.

The fact is—and employers concerned about health costs had better recognize it soon—that Americans

eat too much of the wrong types of food; consume tobacco, which in turn consumes them; overindulge in alcohol, which leads to a variety of illnesses and injury; fail to get a necessary amount of aerobic exercise, a failure that invites cardiovascular disease; react to stress in a manner that precipitates illness; and generally wreak havoc on the highways with their automobiles.

As much as half of our national health-care expenditures are directly attributable to this life-style.

Our citizens have to be reoriented toward an awareness of health as a robust, dynamic state of being, possible only when individuals learn to live free of voluntary self-pollution and self-destruction.

The solution is not attainable through legislation, claims cost control, more physicians, or other superficial approaches, but only through education, motivation, and plain old determination.

WALLY PICKFORD
Project Coordinator
Blue Cross-Blue Shield of Rhode Island
Providence, R. I.

The medical profession is not only caught in a whirlpool of inflation and advancing technology, but is faced with the threat of malpractice claims from sue-happy patients. Direct cost of malpractice insurance is only part of the picture.

Those involved in health-care delivery take whatever additional steps are needed to protect themselves by ordering medical tests they might otherwise not specify.

If they miss a step in their medical detective work, they are sued for malpractice. If they go an extra mile, they are branded as uncaring about costs to patients.

Cutting costs must be a team effort. People must realize that their employers, insurance companies, and even government programs are not really paying their medical bills. Each individual eventually bears the cost.

LOUISE CRAIG
Office Manager
Bruce Craig Typographer
Portland, Oregon

Campaign-law supporters

Re George D. Webster's article, "Will Federal Campaign Laws Make Elections More Honest?" [January].

Mr. Webster pictured Common Cause and ex-Rep. Wayne L. Hays



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Director of Briefing Center,
Chamber of Commerce of the United States,
1615 H Street N.W., Washington, D.C. 20062.
Phone 202/659-6100.

of Ohio as partners in pushing for enactment of the 1976 amendments to the Federal Election Campaign Act.

I wonder why Mr. Webster saw fit to link Common Cause with its arch-enemy, the discredited Mr. Hays, instead of with some very eminent Republican leaders who supported the concepts embodied in the amendments, such as Sen. Charles H. Percy of Illinois.

JOHN D. LYNN
Attorney
Palmyra, N.Y.

FTC and funeral directors

We have seldom seen the problem of federal regulation of the funeral industry more succinctly stated than it was in James J. Kilpatrick's article, "Big Government's Needless Interventions" [January].

California funeral directors point with pride to the fact that our state is a showcase of the advantages of local control over local problems. Most of the proposals being suggested by the Federal Trade Commission for the funeral industry have been in effect in California for a long time without any federal mandates.

We agree with Mr. Kilpatrick that, whatever problems exist in the industry, they can best be resolved without federal intervention.

PAUL HULTQUIST
Director
Office of Public Information
California Funeral
Directors Association
Universal City, Calif.

The small number of consumer complaints against funeral homes hardly warranted a government investigation of the scope of the recent FTC activity.

Surely the nearly \$500,000 spent on the investigation could have been spent more prudently on genuine problems of national concern.

Mr. Kilpatrick's article, however, might lead to future savings of taxpayers' money. His unbiased observations about FTC moves against the funeral industry might make other regulatory agencies think twice about wasting money on busywork.

In addition, he has helped remove some of the tarnish the commission's shoddy investigation and blanket indictment caused to the image of all funeral directors.

KENNETH W. MURRAY
Murray Funeral Home
Humansville, Mo.

Keep or Abolish the Wage-Price Council?

CONGRESS is considering whether the life of the Council on Wage and Price Stability should be extended beyond next September, when this federal agency is scheduled to cease functioning.

Far more is at stake than the continued existence of yet another government agency. A fundamental question of economic philosophy is involved.

Those who favor continuation of the council tend to believe government-imposed wage and price controls can be an effective method of stabilizing the economy.

They see the council, which has power only to monitor and comment on wage-price developments, as a readily available mechanism for shifting the nation to controls. They note

that the council could be given authority to establish standby controls that could quickly be turned into actual controls by presidential directive.

Even standby controls exert an inflation-dampening discipline, they say, because wage and price decision-makers know such controls could be activated immediately to curb excesses.

Those who are against continuation of the Council on Wage and Price Stability tend to oppose controls. They say controls not only are incompatible with a market enterprise system, but have repeatedly been shown to be ineffective as a long-term weapon against inflation.

The existence of the wage-price council is an open invitation to gov-

ernment intrusion in wage and price decisions traditionally left to the marketplace, these people say. Giving such a council standby control authority, they add, could have a disruptive impact on the economy because of resulting uncertainty in private-sector planning.

Supporters of the council point out that, in addition to its functions in the private sector, it monitors the inflationary impact of actions by the government. Those against continuing the council believe this function could easily be assumed by another government agency, such as the Office of Management and Budget. OMB is well equipped to do the job.

Should we keep the Council on Wage and Price Stability? What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should we keep the Council on Wage and Price Stability?

☐ Yes ☐ No

Comments:.....
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Name and title.....

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Company.....

Street address.....

City..... State..... Zip.....

A Change in Presidential Terms Favored

SHOULD U. S. Presidents be limited to a single, six-year term? This is what NATION'S BUSINESS asked readers in February's "Sound Off to the Editor."

Respondents say yes by a margin of almost two to one.

Ten Presidents have endorsed the idea of a single-term presidency, most of them favoring a six-year term. Former President Ford recently said the idea has pluses and ought to be investigated.

Many resolutions have been introduced in Congress calling for a constitutional amendment to limit the President to one six-year term instead of two four-year terms. None of these resolutions has passed both houses.

NATION'S BUSINESS readers who favor such a constitutional amendment point to what they see as inadequacies inherent in the present system.

For example, Frank J. Meyo, sales manager of McDonnell Douglas Automation Co., Cleveland, asserts: "Most Presidents assume office with commitments made by the previous administration. That's one year or more shot. And there's one year for

pressure groups which may help him win the next election."

The argument that an automatic lame-duck status would make a Pres-



"Six years is too long for a bad President and too short for a good one," says David Braly, owner-operator of American Media Co., Prineville, Oregon. "The current system works," he concludes.

ident elected to one term less effective than Presidents are now is seen as fallacious by Brian C. Lindgren, commercial power representative for Pacific Gas and Electric Co., Santa Maria, Calif. "Under our present system," he says, "an incumbent sworn in to his second term immediately assumes lame-duck status."

Graham J. Morgan, chairman of United States Gypsum Co., Chicago, is among a number of respondents who would like to see limited terms for congressmen as well as the President. He says: "It would be refreshing to have a President and members of Congress who, once elected, had no other motive or interest but to serve in behalf of their constituency, in contrast to their spending the majority of their time—as well as excessive sums of money—in an endeavor to perpetuate themselves in office as they do today."

Some in favor of an amendment limiting Presidents to a single, six-year term suggest additional provisions.

John C. Felten, executive vice president and director of Evans Products Co., Des Plaines, Ill., says: "An extremely popular President should be able to request approval for a second term of two to three years via a special referendum. Two thirds of the popular vote would be required to allow him to qualify as

his party's candidate in the general election. This would disqualify all but the most popular Presidents and allow us to retain the exceptional man."

Among respondents who oppose the idea of the single, six-year term are those who feel the present system is good and those who feel the proposal does not go far enough.

F. E. Rodgers, division manager of Cities Service Oil Co., Falls Church, Va., is satisfied with the current system. He says: "If the President is effective, the country should have the benefit of a possible eight-year tenure. If he is not, six years is too long for the country to suffer the chaos of his ineffectiveness. A presidential election every four years is one of the pillars of our democratic system."

Mark Watkins, assistant news director, WIBC Radio, Indianapolis, also is against a single, six-year term, but for a different reason. "The greatest control on any President is that which rests inside the ballot box,



"The argument for freedom from pressure groups far outweighs any of the possible faults of this amendment," says Harold W. Simmons, president of Jade Electric, Inc., Rochester, N.Y.

but that applies only to Presidents in their first term of office," he states. "Two six-year terms might be better. I don't believe the present limit of two four-year terms allows Presidents to adequately display the long-term planning leadership so essential for our growing republic."

Mr. Watkins concludes: "If nothing else, two six-year terms would postpone the agony that both the candidates and the electorate must endure in the marathon primary process which has become vogue."



Trevor Evans, plant manager of Continental Group, Inc., Lima, Ohio, would like to see a single, six-year term for senators as well as the President, plus a single, four-year term for representatives.

campaigning for reelection. That leaves perhaps two good years of presidential rule."

And Max B. Hager, manager of Roman Meal Milling Co., Fargo, N. Dak., comments: "A President should legislate for the general good of the nation. He should not be concerned about gaining the favor of

when I planned to retire before fifty

this is the business that made it possible

a true story by John B. Haikey

Starting with borrowed money, in just eight years I gained financial security, sold out at a profit and retired.



"Not until I was forty did I make up my mind that I was going to retire before ten years had passed. I knew I couldn't do it on a salary, no matter how good. I knew I couldn't do it working for others. It was perfectly obvious to me that I had to start a business of my own. But that posed a problem. What kind of business? Most of my money was tied up. Temporarily I was broke. But, when I found the business I wanted I was able to start it for a small amount of borrowed money.

"To pyramid this investment into retirement in less than ten years seems like magic, but in my opinion any man in good health who has the same ambition and drive that motivated me, could achieve such a goal. Let me give you a little history.

"I finished high school at the age of 18 and got a job as a shipping clerk. My next job was butchering at a plant that processed boneless beef. Couldn't see much future there. Next, I got a job as a Greyhound Bus Driver. The money was good. The work was pleasant, but I couldn't see it as leading to retirement. Finally I took the plunge and went into business for myself.

"I managed to raise enough money with my savings to invest in a combination motel, restaurant, grocery, and service station. It didn't take long to get my eyes opened. In order to keep that business going my wife and I worked from dawn to dusk, 20 hours a day, seven days a week. Putting in all those hours didn't match my idea of independence and it gave me no time for my favorite sport—golf! Finally we both agreed that I should look for something else.

"I found it. Not right away. I investigated a lot of businesses offered as franchises. I felt that I wanted the guidance of an experienced company—wanted to have the benefit of the plans that had brought success to others, plus the benefit of running my own business under an established name that had national recognition.

"Most of the franchises offered were too costly for me. Temporarily all my capital was frozen in the motel. But I found that the Duraclean franchise

offered me exactly what I had been looking for.

"I could start for a small amount. (Today, less than \$1500 starts a Duraclean dealership.) I could work it as a one-man business to start. No salaries to pay. I could operate from my home. No office or shop or other overhead. For transportation, I could use the trunk of my car. (I bought the truck later, out of profits). And best of all, there was no ceiling on my earnings. I could build a business as big as my ambition and energy dictated. I could put on as many men as I needed to cover any volume. I could make a profit on every man working for me. And I could build little by little, or as fast as I wished.

"So, I started. I took the wonderful training furnished by the company. When I was ready I followed the simple plan outlined in the training. During the first period I did all the service work myself. By doing it myself, I could make much more per hour than I had ever made on a salary. Later, I would hire men, train them, pay them well, and still make an hourly profit on their time that made my idea of retirement possible—I had joined the country club and now I could play golf whenever I wished.

"What is this wonderful business? It's Duraclean. And, what is Duraclean? It's an improved, space-age process for cleaning up-holstered furniture, rugs, and tacked down carpets. It not only cleans but it enlivens and sparkles up the colors. It does not wear down the fiber or drive part of the dirt into the base of the rug as machine scrubbing of carpeting does. Instead it lifts out the dirt by means of an absorbent dry foam.

"Furniture dealers and department stores refer their customers to the Duraclean Specialist. Insurance men say Duraclean can save them money on fire claims. Hotels, motels, specialty shops and big stores make annual contracts for keeping their carpets and furniture

fresh and clean. One Duraclean Specialist signed a contract for over \$40,000 a year for just one hotel.

"Well, that's the business I was able to start with such a small investment. That's the business I built up over a period of eight years. And, that's the business I sold out at a substantial profit before I was fifty."

Would you like to taste the freedom and independence enjoyed by Mr. Haikey? You can. Let us send you the facts. Mail the coupon, and you'll receive all the details, absolutely without obligation. No salesman will ever call on you. When you receive our illustrated booklet, you'll learn how we show you STEP BY STEP how to get customers; and how to have your customers get you more customers from their recommendations.

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ENERGY:

America at the Crossroads

WHY DOES A NATION rich in energy resources endure widespread human and economic hardship caused by energy shortages?

That is a fundamental question facing the country today as it stands at an energy crossroads.

It is a question hanging over President Carter and Congress as they attempt the joint development of America's first comprehensive long-range national energy policy.

The question is being asked by more and more Americans concerned over possible reoccurrences of the high unemployment, curtailed production, and other setbacks of the past winter. The winter's dislocations resulted from a combination of record cold and severe scarcities of deliverable fuel supplies, particularly natural gas.

Experience is a teacher

That experience has done much to make the country more aware of the consequences of the continuing national failure to come to grips with an energy problem that had been developing for years.

"I realize," Mr. Carter said in a recent television address to the nation, "that many of you have not believed that we really have an energy problem. But this winter has made all of us realize that we have to act."

While there undoubtedly is a public consensus that an effective national energy policy is long overdue, there nevertheless is extensive controversy over its specifics.

Congressional debate on energy policy will be extended and heated, reflecting the complexity of the subject and the many conflicting interests involved.

President Carter has acknowledged that reaching agreement will not be a simple task. He predicts that recommendations he will make to Congress later this month will "engender a great deal of debate."

Discipline—or drift

Basically, the choices are limited. The country can take a road that involves hard decisions, compromise, discipline, and acceptance of economic realities. Or the country can continue to drift, with the expectation that a new government agency, a revolutionary new energy device, or enough political rhetoric aimed at energy companies will somehow restore cheap and easily available energy within a pristine environment.

The national energy policy ultimately enacted into law will be implemented by the new Department of Energy, which will combine energy functions now scattered among nine major departments and

agencies, including the Federal Energy Administration, the Federal Power Commission, the Energy Research and Development Administration, the Interior Department, the Securities and Exchange Commission, and the Pentagon.

Legislation to create the department is now moving through Congress. James R. Schlesinger, President Carter's chief energy adviser, is expected to be named the first Secretary of Energy.

Mr. Carter sent the departmental legislation to Congress in advance of his overall energy policy plan so the new department could be in place to represent the White House in the forthcoming Capitol Hill energy debate.

The business approach

The business community will be very much a part of that debate.

Generally, the business approach would allow the market system to go to work free of unreasonable price, tax, environmental, or other federal restraints.

This approach is based on the realization—which both ordinary citizens and elected officials fail to grasp—that this country actually has vast potential sources of energy.

The Chamber of Commerce of the United States, which has begun fighting for reliance on the market system



President Carter's forthcoming energy proposals are expected to urge greater use of coal for generating electricity, a course that will require billions of dollars in additional investment for equipment such as that shown here.

in implementing a national energy policy, says:

"Despite our recent difficulties, America remains uncommonly blessed with energy resources, although various aspects of public policy prevent or delay their full development."

The Chase Manhattan Bank's Energy Economics Division, which includes many of the world's most knowledgeable energy experts, notes that the United States "has an extensive geologic potential for finding more oil and natural gas; it has a major proportion of the world's coal reserves; it has immense deposits of oil-bearing shale; and it has a large nuclear potential."

Paradox: plenty and scarcity

The Energy Research and Development Administration, a federal agency, offers a similar perspective:

"The United States is a nation rich in domestic energy resources, yet it depends on the importation of large quantities of fossil fuels. This is the essential paradox of the nation's energy problem."

Why have crude oil imports soared 58 percent and domestic production declined 12 percent since the 1973-74 Arab oil embargo—when the White House talked of making America energy-independent?

Why is the nation threatened with electricity shortages, perhaps as early

as this summer, and even more serious energy shortages next winter?

Why are there increasingly serious doubts as to whether the country will have sufficient energy to maintain economic health over the long run?

Rational-policy shortage

An answer to these questions comes from Floyd W. Lewis, president of Middle South Utilities, Inc., and chairman of the Edison Electric Institute, which represents virtually all the investor-owned electric utilities in the country. Pointing out that "the United States does not suffer from a shortage of energy resources in a physical or absolute sense," Mr. Lewis goes to the heart of the country's energy problem:

"Missing are orderly and rational public policies and legislation which would encourage energy resource development and give weight to economic and social values, such as those relating to the creation of jobs."

Various segments of the business community have submitted recommendations to President Carter for possible inclusion in the energy policy proposals he will submit to Congress.

One of the most comprehensive sets of recommendations was delivered personally to Mr. Carter in the Oval Office by the leaders of the Chamber of Commerce of the United

States—Chairman Herbert S. Richey, Vice Chairman William K. Eastham, and President Richard L. Lesher.

They told Mr. Carter that the business federation's energy proposals, which have broad support throughout the business community, "would bring domestic production and consumption of energy closer to balance, reduce dependence on foreign sources, contribute to national security, and strengthen our economic and political freedoms."

National Chamber proposals

Here are key recommendations of the National Chamber's energy plan, along with excerpts of explanatory material:

- Abolish wellhead price controls on newly discovered natural gas. "This winter's natural gas shortage reveals that price controls on interstate natural gas sales do not serve the public interest. . . . Reliable studies indicate that higher natural gas prices will catalyze increased gas production."

- Abolish remaining price controls on crude oil and petroleum products. "Wellhead and retail price controls on oil and petroleum products have the same effects as those on natural gas—they discourage production while simultaneously encouraging consumption."

- Leave surface coal mining con-



Experiments at the U. S. government's Sandia Laboratories in New Mexico are one of many examples of rising interest in harnessing solar power.

trols to the states. "A detailed federal program, on top of 34 state programs, would only add duplication, delay, and red tape at a time when the need to increase coal output is self-evident."

- Authorize additional facilities to enrich uranium into fissionable form for use in nuclear power plants and to dispose of nuclear wastes. "The number of nuclear power plants in operation will soon double from roughly 60 plants to about 125."

- Amend the Clean Air Act to facilitate construction of coal-burning electric generating plants and conversion of oil-burning plants to coal. "The Federal Energy Administration estimates that one third of our currently produced coal is unusable without amendments to the Clean Air Act. Additionally, the so-called non-degradation requirements [prohibiting industrial activity which would lower natural air quality that is higher than required by law] make the siting of large coal-burning plants nearly impossible."

- Use existing authority to simplify and accelerate the leasing, exploration, and development of oil and natural gas sites off the outer continental shelf. "Full development of our offshore resources has been stymied by a tedious and onerous administrative program. . . . The situation requires full use of existing authority to make this process more efficient while protecting environmental values."

- Preserve efficiencies resulting from the present system of vertical and horizontal integration of energy companies. "Destroying this workable system through horizontal and/or vertical divestiture would be a tragedy."

- Fund research by the Energy Research and Development Administration into solar, geothermal, and wind energy, as well as into new techniques for energy conservation, resource recovery, enhanced oil and gas production, and coal mining. "The promising research and development work now being done under ERDA will ultimately pay off in the development of better energy sources in years to come."

- Amend the National Environmental Policy Act of 1969 to simplify and accelerate consideration of environmental impact statements required in connection with federal projects. "The administration of the section of the act requiring environmental impact statements . . . has been characterized by delay, complexity, and endless court disputes."

- Extend federal eminent domain authority to facilitate construction of pipelines carrying coal slurry, a mixture of pulverized coal and water. "Extension of [this] authority would enable this new technology to compete fairly in the energy-transport marketplace."

- Adopt conservation policies that rely on free-market forces. "Business and residential customers use energy unwisely because it is priced below its real market value. A gradual return to free-market pricing will discourage wasteful consumption and encourage such energy-saving techniques as insulation, heat recovery, more efficient autos, car pooling, public transit, etc. An energy conservation program built around market mechanisms will ultimately be more equitable and effective . . . than a complex series of bureaucratic, mandatory controls."

Opposing views

While the business sector's proposals, on balance, would strictly limit the federal role in energy-supply development, various groups have advocated measures that would have an opposite effect. These measures include:

Government-mandated conservation steps.

Forced breakup of major oil and other energy companies.

Even tighter environmental restrictions on production and use of fuels and construction of nuclear and other types of generating plants.

Rigid price controls on energy industries.

Government takeover of exploration for fuel sources, now performed by the private sector.

These demands for a greater federal government presence in energy industries come at a time of highly disruptive energy shortages resulting directly from earlier actions by that same government.

Artificial price

John G. Winger, a Chase Manhattan vice president who heads the bank's Energy Economics Division, traces the source of today's energy problem to a 1954 U. S. Supreme Court decision affirming the Federal Power Commission's power to control the wellhead price of natural gas sold in interstate commerce.

FPC action keeping the price of natural gas artificially low made the fuel so attractive that it accounted for 85 percent of the growth of the entire energy market in this country from the mid-1950's onward, Mr. Winger says.

There was little or no financial inducement for development of other energy resources, he says. At the same time, government-imposed restrictions on the return from natural gas exploration and production proved a major deterrent to both investors and producers.

Restore freedom

"The same low administered prices that stimulated the demand for energy had the opposite effect on supply," Mr. Winger points out. "While direct controls applied only to natural gas, those controls held down the price of coal and oil in the markets where they competed with natural gas."

Mr. Winger and his associates at the Chase Energy Economics Division conclude:

"The single most important cause of the nation's energy sickness has been the control of natural gas prices. The remedy is clear. Remove the controls."

"Natural gas is a commodity, like oil and coal, and should be allowed



Many energy experts say government policies must encourage construction of more nuclear power plants, like this one on the Chesapeake Bay in Maryland, if the nation is to have sufficient energy to maintain a healthy economy for a growing population.

to find its own price level in the markets it serves.

"A long period of convalescence will be necessary, but [removal of price controls] is an essential first step on the road to recovery."

Other perspectives on the extent of the nation's energy problem show a need for action in various areas.

Constraints on coal

The National Electric Reliability Council, which was formed as a result of the power blackouts of the mid-1960's, reports that plans of electric utility companies to shift from increasingly scarce natural gas and imported oil to coal and nuclear energy are being thwarted by government constraints. The council says: "Failure to relieve these constraints will jeopardize the adequacy of electric power supply in North America."

While demand for coal by electric utilities is expected to go up 45 percent in the next ten years, President Carl E. Bagge of the National Coal Association says that "uncertainty over national energy policy has forced many major coal producers to defer expansion plans."

Meanwhile, federal tax laws discourage investment in energy, although long-term capital needs of the nation's energy industries total \$1.3 trillion. The natural gas industry alone, for example, estimates it will spend nearly \$70 billion by 1985 on developing new supplies.

Dr. Chauncey Starr, president of

the Electric Power Research Institute, which is funded by the utility industry, notes that "many embrace the thought that conservation and simpler life-styles are sufficient to resolve our energy-related problems. Others look to idealized and futuristic advanced technologies for a solution. . . . I believe that even though we may develop every conceivable method of improving our energy-use efficiency and of supplementing our energy resources, we will barely be able to meet the foreseeable demands for energy in the coming decades."

While there are hopes that solar power eventually will make a significant contribution to the national energy mix, Dr. Starr estimates that solar electric systems will be able to contribute only about one percent of total electricity consumed at the end of the century.

Even that contribution, he adds, would require construction of 250 solar generating units of 100-megawatt capacity, a construction goal that may be unreachable.

Consequences of error

Richard L. Dunham, Federal Power Commission chairman, says: "If we learned anything from the Arab oil embargo, it is our extreme vulnerability to even small shortfalls of energy. The embargo cost us upward of half a million jobs and \$10 billion to \$20 billion of goods and services. It precipitated the worst economic downturn in the United

States since the Great Depression.

"Looking to the future, millions of new jobs must be created and powered by electricity, and millions of existing jobs must be protected against destruction by power shortages.

"Therefore, if we must err in the matter of power availability, let it be on the side of sufficient power. The consequences of such error are far less than the dangers of power shortages."

What will the end result be if the nation fails to act on today's energy problem, as spotlighted by experts who have watched the problem develop for decades?

E. E. Hood, Jr., vice president and group executive of the power generation business group, General Electric Co., sees this bleak future:

- Government will eventually be forced to impose strict controls under a centrally directed national planning agency.

- Industry will be forced to curtail production or shut down as fuel costs keep rising or fuel runs out.

- Our society will have to undergo a radical downgrading in living standards.

Threat of war

"This totally unacceptable chain of events could wreck the economies of the United States and the rest of the industrialized world," Mr. Hood says, "and could even trigger a military conflict, with countries fighting over the limited supply of available energy."

"Before it is too late, we must stop drifting. We must stop dreaming that our rapidly growing energy problem is somehow going to go away or be suddenly solved by government fiat. It can't, and it won't."

"Starting now, we must provide incentives, not disincentives, for the development of our own indigenous energy resources."

"We must dismantle, rather than build up, the monstrous tangle of regulation and litigation that is adding years of time and mountains of cost to virtually all efforts to increase our supply of energy."

"We must keep all the options open and strive for a flexible mix of energy sources that can be adapted to changing circumstances and help reduce our demands on the world's limited supply of pumpable fuels." □

How Businessmen View Energy Policy

Some of America's most prominent business leaders believe strict conservation, coupled with a lifting of government restraints on production, offers the best solution to the nation's energy problem.

At the same time there is widespread sentiment among such executives in favor of close cooperation on the energy issue between government and business.

These findings emerge in answers to a questionnaire submitted by *Nation's Business* to a cross section of top business officials. The questionnaire was sent out as President Carter began drafting his long-range energy policy that will be made public this month.

"By coupling strong energy conservation with research and development programs, we can solve our energy problem," C. Peter McCollough, chairman and chief executive officer of Xerox Corp., told *Nation's Business*.

Gabriel Hauge, chairman of Manufacturers Hanover Corp., says: "Government should set the framework within which private industry would develop energy resources and within which energy uses would be constrained, but private business and consumers should make the final decisions."

Permanent policy needed

Richard A. Riley, chairman and chief executive officer of The Firestone Tire & Rubber Co., says: "The basic objective should be to increase supplies from domestic sources. Any policy should be consistent and permanent, so industry can make long-range plans based on the policy."

A number of business leaders urge the government to give the

green light to stepped-up use of coal and nuclear power. They also suggest a more realistic government attitude toward the whole sweep of environmental protection as it applies to energy.

Some recommend that the business community not only become more involved in implementing national energy policy, but that it become active in formulating this policy.

Walter M. Vannoy, executive vice president-power generation of The Babcock & Wilcox Co., says: "We must face up to the leadership imperative. This is a new role for business—one that imposes new challenges and responsibilities and goes beyond just working better with government representatives and the general public."

Higher prices ahead

In almost every case, business leaders accept the fact that the cost of energy will continue to rise. Some even see a bright side: The higher cost will encourage conservation.

The importance of energy to the economy is evident in the comments.

Harry Bulova Henshel, chairman of Bulova Watch Co., Inc., says that for his company "energy must be both adequate and consistent. We could not manufacture in any other situation. Our processes are dependent on energy."

Similarly, W. T. ZurSchmiede, Jr., president of the Federal Screw Works, a major energy consumer, says his Detroit company could no longer function if its supplies of natural gas and electricity were severely reduced.

Mr. ZurSchmiede is convinced

that if energy prices are held down by government instead of being determined by free market forces, major shortages and inequitable distribution will follow.

In this vein, W. Lee Burge, chairman and president of Equifax, Inc., says: "The economic consequences will be adverse if the government arbitrarily holds [prices] at unrealistic levels. There will be energy shortages, inefficiencies will develop, and inflation and production shortages in goods and services will greatly inconvenience the American public. The U. S. economy will suffer by comparison to the economies of other developed countries."

George H. Weyerhaeuser, president and chief executive officer of the Weyerhaeuser Co., says: "Business should work with the government in an open exchange of proposals to develop solutions. Business will implement a national energy policy if it is reasonably possible and the return on investment is high enough. Existing energy companies should be involved because they have the resources and know-how."

Industry should "play the major role in developing energy," says Robert C. Wilson, president and chairman of Memorex Corp. "The incentive should be profitability on the basis of pricing for value. In cases such as breeder requirements or solar energy, where developmental investments are non-economic, the government should make the investments."

Informational campaign

The respondents have various recommendations for bringing about effective conservation of energy. For example, Charles H. Crutch-

field, president of the Jefferson-Pilot Broadcasting Co., in Charlotte, N. C., has this to say:

"First, we must lay to rest—by an intensive informational campaign—the widespread skepticism as to whether there really is an energy crisis. Second, we must have deregulation. This would cause increases in fuel costs and therefore would prompt conservation by creating demand for more fuel-efficient cars, for better insulation in homes, for a lowering of thermostats, and perhaps for four-day workweeks and so on."

The Budd Co., a major supplier of parts and equipment to the automotive industry, was forced to interrupt production last winter because of shortages of fuel. W. James Cronin, vice president for materials, would incorporate these elements into a long-range energy policy:

"Conservation; deregulation, which would stimulate exploration for new sources; modification of pollution standards to take advantage of coal; and realistic regulation of nuclear energy."

Support from business

Once a realistic energy policy is set, Mr. Cronin adds, "business will support it. New plants would be built with energy sources and conservation as a key consideration."

Mr. Hauge, of Manufacturers Hanover Corp., urges this approach:

"Encouragement of conservation through tax policies and emphasis on market price determination. Encouragement of private development of new energy resources through tax preferences, subsidies, and/or free market pricing. Support of research and development on new energy sources."

Mr. Hauge adds that "the market pricing mechanism, supplemented by special taxes, should bear primary responsibility for discouraging energy consumption. The government should avoid allocation and rationing of energy except where they are necessary on grounds of equity or other considerations."

Xerox Chairman McColough says that "there is no question that we must find ways to increase our energy supplies," and he adds that price deregulation is a "step in the right direction" if development of new energy sources and expansion of energy production is to be achieved.

No price controls

True, he says, "any increase in price has an inflationary effect which the federal government must evaluate from an overall perspective," but he adds that "price controls have never solved this type of problem."

Firestone Chairman Riley says he is convinced that if prices are not determined in the marketplace, the results will be "very harmful." He explains: "Unless free market forces are allowed to work on energy prices, we'll end up with low prices but little energy."

Regarding the effect of future energy shortages on the operation of Firestone, Mr. Riley says: "Significant energy shortages could disrupt operations and affect sales and profits, and, of course, eventually employment."

Mr. Vannoy, of Babcock & Wilcox, says his company does not endorse plans based on "zero energy growth, since this is not realistic if we are to continue to grow and prosper as a nation and world leader." He adds that "to execute any national energy policy successfully will require close cooperation of all elements of our society, particularly government and industry."

On the question of increased energy supplies versus low energy prices, Mr. Vannoy says: "The objective should be to have a balance in the energy we need and the price that will do the least damage to our economic system."

If energy prices are not determined by free market forces, according to Mr. Weyerhaeuser, of the Weyerhaeuser Co., this situation will prevail:

"We would be masking the long-run reality that oil and gas are de-

clining in supply and that it will take decades to shift from heavy dependence on oil and gas.

"Initially, we may grow faster through subsidizing the use of a scarce resource. But in the long term, we would be using a nonrenewable resource faster than necessary and at the same time reducing the incentive to invest in new energy development."

Mr. Burge, of Equifax, comes out strongly for business leadership in carrying out whatever long-range energy policy is adopted for the nation. He says:

"Business should take a first-line leadership role in proposals of policy; conversion of processes; and communication to consumers, employees, and the public. Government does not have the intestinal fortitude to lead the way."

Mr. Burge takes this position on conservation:

"Business should lead the way. Much of our economic process has been built around cheap energy. We should plan, research, and restructure with expensive energy in mind. This applies not only to modifying energy systems for manufacturing, but also to transportation use by employees and energy consumption in commercial and institutional facilities."

Rewarding conservation

Budd Co. Vice President Cronin says: "The price of energy should not decrease as volume increases. Possibly, the price should increase. We should reward conservation. Budd has had a conservation program for three years and has reduced energy consumption significantly."

Mr. Crutchfield, of Jefferson-Pilot Broadcasting, says:

"Like a mammoth boiler that's equipped with a clogged safety valve, we will eventually have an explosion, because there will inevitably be an energy shortage. It is imbecilic to expect private enterprise to explore and expand unless it is economically advantageous to do so." □

AN INSIDER'S REPORT

Why Congress Hasn't Deregulated Natural Gas

BY REP. BOB KRUEGER



Rep. Krueger (D.-Texas) was a freshman member of Congress when he assumed a leadership role last year in efforts to remove federal price controls from the wellhead prices of natural gas. He and others supporting that action view deregulation as a necessary first step to stimulate production of new gas supplies. In this article, he gives an inside view of how the deregulation issue was approached in the 94th Congress and what is likely to happen in the 95th Congress this year.

THE ENERGY CRISIS of this past winter brought grim news from industrial communities large and small.

Production dropped sharply. Unemployment was up. Schools were closed. The entire national economy suffered.

Federal "protection"

During the height of that crisis I was approached on the House floor by a representative from a Northern industrial state that was among the hardest hit. He and every other Democratic member of his delegation had opposed my bill to remove federal price controls from natural gas.

They had considered themselves to be "protected" by beneficent fed-

eral regulation, and some had questioned whether federal price regulation discouraged production or caused shortages.

However, the representative who approached me said only:

"Bob, if you can bring your deregulation bill back to the floor, I believe I can get our entire delegation to vote for it."

Many other representatives who had championed price-controlled gas underwent a similar change of heart due to the winter's dislocations.

To understand why they changed their minds it may be helpful to review the struggle over natural gas deregulation legislation that took place in the winter of 1975-76, and to assess some of the public atti-

tudes that lie behind congressional politics and policies.

General public attitudes on energy are translated in Washington into political action or inaction. If the American people do not believe that we face real energy shortages, their elected representatives will not vote for the difficult measures needed to address these shortages.

Legislating discipline

And basically, the American people do not believe in energy shortages, or, indeed, in any shortages at all that cannot be quickly and easily relieved.

In a society in which people are accustomed to being able to gratify most desires quickly and easily, it is difficult to legislate the realities of finite supply, delayed gratification, and the discipline required to plan and implement long-range policy.

Since any congressman has that most basic instinct of all animals and humans—the instinct for survival—he will tend to vote in a way that will be easiest to explain in the next election. Since a House mem-

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ber's reelection is always less than two years away, it is sometimes hard to vote for policies that bring short-term pain even if they bring long-term benefit.

Defying reality

It was already apparent in 1975 that America faced a serious shortage of natural gas.

Many Americans, however, did not believe this. And many congressmen, therefore, stated that they did not believe it either.

"The gas shortage has been overstated dramatically by deregulation advocates," said a Michigan congressman. A New York representative declared there was "substantial evidence that the industry-proclaimed shortage will not occur."

Such statements were made in the face of official government figures showing that, for the previous ten years, the country had been using natural gas twice as fast as the gas was being replaced.

Demand had soared because of industrial expansion, federal controls on the wellhead price of natural gas

shipped in interstate commerce, and the environmental appeal of this clean-burning fuel.

Today, despite the difficulties of the past winter, claims that the natural-gas shortage is imaginary or contrived continue to be made. Conflicts over natural-gas policy persist.

Producing states tend to be pitted against consuming states; the North is against the South; advocates of a free market oppose so-called consumer protectionists; liberals differ with conservatives and Republicans with Democrats.

Temporary remedy

All these forces came into play as we entered the winter of 1975-76 and prepared for a gas shortage in states supposedly protected by price controls. In order to make more gas available to those states, an emergency six-month deregulation bill was introduced by Rep. John D. Dingell (D-Mich.), chairman of the House Commerce Committee's Energy and Power Subcommittee. Under the Dingell bill, distressed interstate pipelines would be allowed to

buy surplus gas from the intrastate system at market prices.

A coalition of major users of natural gas, producers, and pipeline companies foresaw much larger problems with natural-gas supply, however, and sought legislation to abolish federal price controls on new gas sold interstate. In response, the Senate in mid-1975 passed the Pearson-Bentsen bill allowing immediate deregulation of new onshore gas and a phased, five-year deregulation of offshore gas from federal lands, all of which is sold in interstate commerce.

The Senate took this long-term action by a margin of almost two to one.

The House, however, approached the question with less alacrity. Rep. Dingell and others wished to confine subcommittee consideration to a temporary approach. Some of us disagreed and thought it time to address the long-term question. After all, the matter had been bottled up in committee for 20 years, since Congress had passed gas deregulation legislation that subsequently was vetoed by President Eisenhower.



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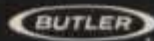
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Legislation in the House, unlike that in the Senate, is governed by strict rules of germaneness. Rep. Dingell's short-term bill initially amended the Natural Gas Act and therefore could have been amended itself to provide long-term deregulation. Mr. Dingell, an able parliamentarian who realized that the committee might consider deregulation in spite of his wishes, then drafted a new bill to accomplish the same ends without amending the Natural Gas Act. Any long-term deregulation bill that amended the Natural Gas Act thereby became nongermane and out of order.

Lost on a tie

When the matter went before the full House Commerce Committee, with its somewhat broader geographical representation, I introduced an amendment that simply changed from six months to seven years the period under which emergency purchases were allowed at market prices. I lost on a tie vote of 19-19. Nonetheless, strength for the concept of deregulation was evident in the com-

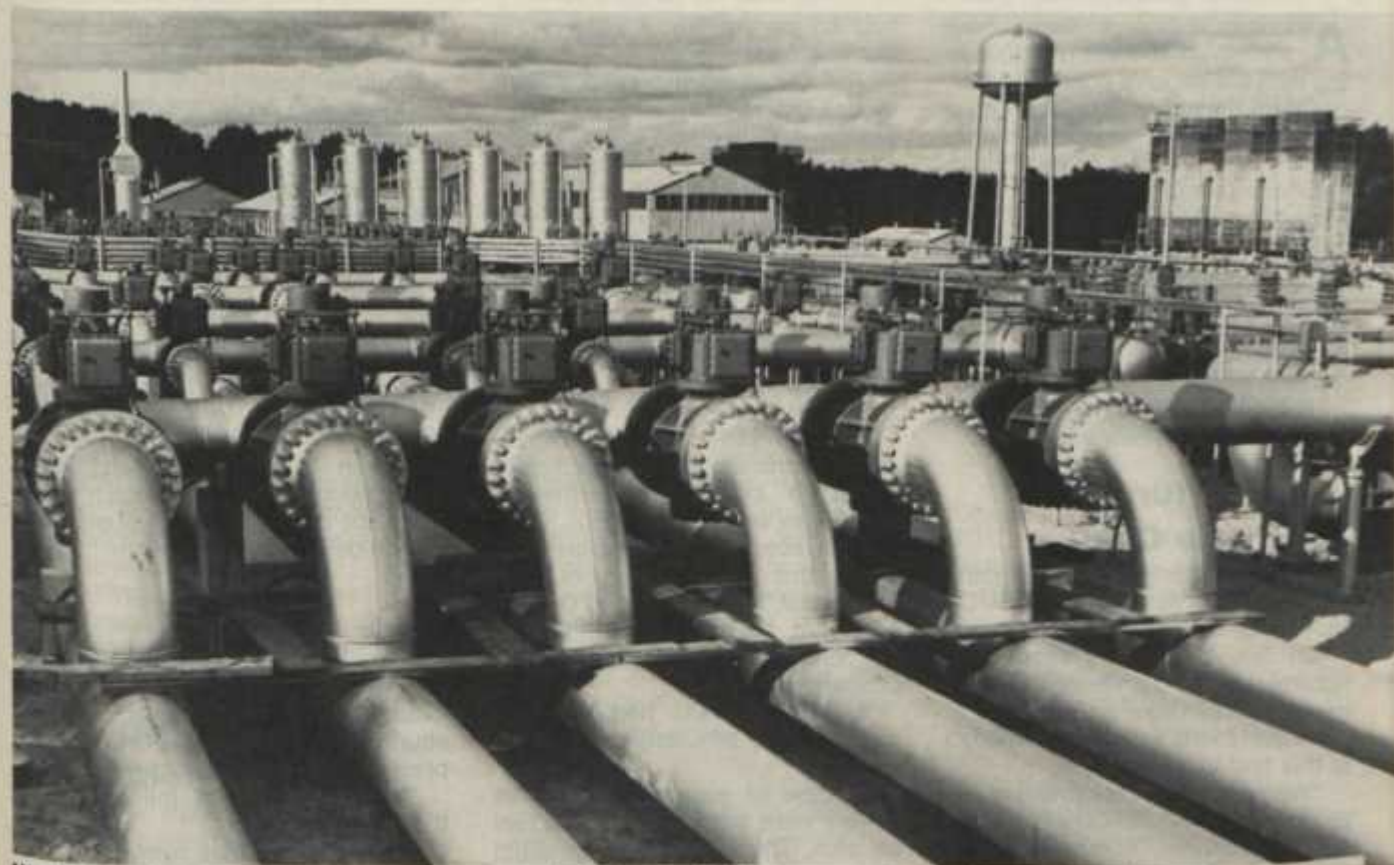
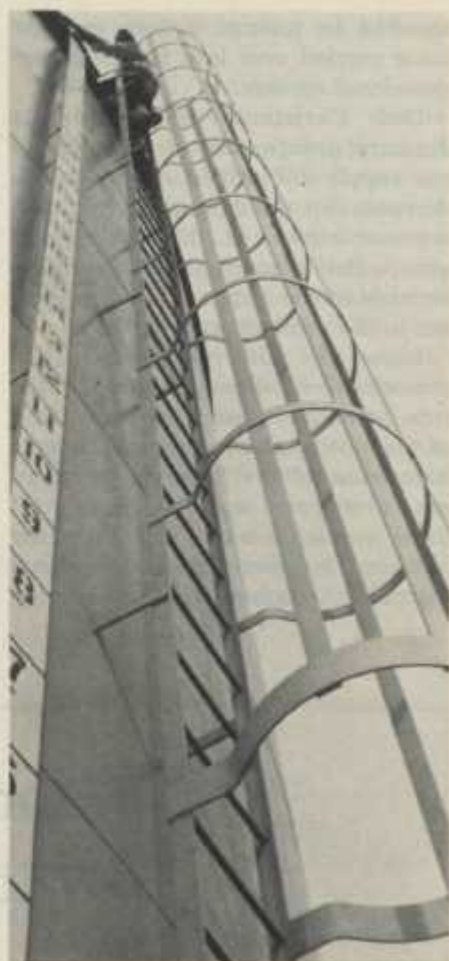
mittee. Recognizing that such strength might also be present in the full House, the committee leadership was not eager to move the Dingell bill quickly. The process of bringing the bill to a vote slowed down.

Finally, the committee approved the short-term bill in November, 1975, and sought to bring it to the floor immediately under a procedure that would have prevented me from offering my amendment. That move failed because of opposition from Carl Albert, who then was Speaker of the House. He insisted that the bill go through the Rules Committee, which is the clearinghouse for legislation from all other committees.

Despite strenuous objections from the Commerce Committee leadership, the Rules Committee on Dec. 16 granted permission for House consideration of the Commerce Committee bill under terms allowing me to introduce my deregulation amendment.

Delayed until next session

At that point the Commerce Committee leadership was no longer in-



Natural gas shortages developed last winter when the fuel was pulled from consumer-supply storage facilities, such as this one in Michigan, at a rate faster than the gas could be replenished from producing areas. The energy crisis spotlighted once again how federal price controls have stimulated consumption and reduced production of natural gas.

terested in prompt action, and the issue carried over into the 1976 congressional session.

Over Christmas recess and into January, groups interested in natural-gas supply intensified efforts to win deregulation. In January I met with representatives of 22 agricultural groups that supported my legislation because of the importance of natural gas to the production of fertilizer.

I also met with representatives of petrochemical energy users; of the iron, steel, and aluminum industries; of the wood-pulp and paper-products industries; of textile groups; and of gas producers and pipelines. All these people, in turn, contacted their industry members in congressional districts throughout the land. Those

users, in turn, wrote and contacted their congressmen asking support for my deregulation bill.

Meanwhile, of course, forces on the other side were preparing for the battle by asking congressmen to oppose the legislation. Labor unions, which had never been very successful in organizing the oil and gas industry, were opposed to deregulation. Consumer groups shortsightedly feared the price impact of deregulation more than they did shortages.

Thus the sides were drawn for what was to be the largest legislative battle in the House in 1976. Chairman Dingell, opposed to deregulation and unhappy that the legislation was to be considered by the full House, called still more hearings to consider

the impact of deregulation. One witness was movie actor Paul Newman—show biz had come to Washington.

Still more hearings

Speaker Albert allowed the time for further hearings even though the matter had been discussed for 20 years and Congress had already taken volumes of testimony. An extraordinarily irresponsible study was elicited from the Congressional Research Service of the Library of Congress by antideregulation forces. The study's scholarship was so faulty that the cost of natural gas at the wellhead was confused with the price of natural gas delivered to consumers, which is similar to confusing the price of

How Some Companies Are Coping With the Energy Crunch

American business firms have shown great ingenuity in coping with the nation's energy crisis.

Often their task has been complicated by what government has done.

Environmental regulations have forced some firms to switch from one fuel to another at great cost. Other companies have converted to new sources of energy only to find supplies dried up by government regulations.

Here, in brief, are what some companies have done to survive and thrive in this new energy era.

Returning to Coal

When winter's worst blizzard howled into Ohio in January, SIFCO Industries, Inc., was hard hit.

On Jan. 17 SIFCO's supplier of natural gas cut deliveries to a bare minimum. In Ohio, as in much of the East, there was barely enough of this fuel to heat homes.

"We were put on minimum maintenance," says SIFCO President Kevin O'Donnell. "About enough to keep our plant from freezing. We

had no gas for our drop-forges or our forging material."

The Cleveland maker of turbine blades, jet engine parts, and other custom forgings had to shut down its shop for three and a half weeks. Three hundred and fifty employees were thrown out of work.

Not until Feb. 9 did the company get enough natural gas to resume operations.

Yet SIFCO is the kind of smart, sophisticated company that is seldom caught short.

It plans ahead.

Back in 1967 rigorous environmental controls were still a distant threat to industry. Nevertheless, SIFCO saw warning signals.

"We recognized that government regulations would be hard to meet with coal," President O'Donnell says. "At the same time, natural gas distributors were looking for customers."

By 1968 SIFCO had switched from coal to pollution-free natural gas.

In case of emergency, SIFCO's boilers were equipped to burn fuel oil also. Thus the company could still operate with a 60 percent cut-

back in its supply of natural gas.

It could not, however, operate with almost none.

Now the company is taking steps to avoid a second energy crunch.

SIFCO has bought the output of three Ohio natural gas wells and is starting its own drilling program.

However, the company expects to be able to meet only a small fraction of its energy needs from these sources.

"Now we are being told by some people that we had better switch our boilers back to coal because fuel oil will be difficult to get," Chairman Charles J. Smith, Jr., says. "I don't know how much it will cost, but it has to be a couple of million dollars."

Switching to Coal

"Remember when people called natural gas our cheapest, most abundant fuel?" Roland R. Speers, president of Amcord, Inc., asks.

"We gambled \$9.5 million that they were wrong."

Amcord spent that sum early in 1973 to convert two cement plants

wheat with the cost of a loaf of bread.

Finally, Speaker Albert indicated that he planned to bring the matter to the floor the first week in February, and Mr. Dingell asked me to meet with him in the Speaker's office on Jan. 30.

Seniority vs. a freshman

I arrived there to find not only Mr. Dingell and Mr. Albert, but the chairman of the full Commerce Committee and all six subcommittee chairmen. All but one were opposed to deregulation. Initially, those who opposed deregulation insisted that their own bill had been improperly referred to the Rules Committee and that they required more time for hearings. Speaker Albert told them:

"I gave Bob Krueger my word that we would bring it up on Monday; it's up to him."

At that point six of the seven chairmen turned to me, and 150 years of combined seniority came to bear on a first-term freshman.

The chairmen indicated that they wanted only a few more weeks, or perhaps months, in which to hold hearings. They wished to study the matter further. They knew that I wanted to be fair with them, for they knew that I looked forward to a long future in the House and that I would wish to work again with them in the future. It was their concern for my future that made them emphasize the importance of my playing fairly with them now. If I could give them only

slightly more time, they would bring out the bill.

I was deeply moved by their compassionate concern for my future. But I also recognized that timing is important in politics. The House had not had the opportunity to consider deregulation for 20 years. I asked if they would guarantee a date in the spring when the matter would be on the floor. They refused. With that, my choice was clear: The matter would come to the House next week.

As the week began, the hallways outside the entrance to the House chamber were filled with union members who had been brought in from all parts of the country to lobby against deregulation. Meanwhile, representatives from user industries

in California and one in Arizona from natural gas to coal.

For its \$9.5 million, the company got at each of the plants:

- A railroad marshaling yard able to handle a 100-car unit train, unload it, and have it back on the main track in four hours flat.

- Storage bins, conveyor equipment, and grinding mills that prepare the coal to burn in the kilns.

"When we made this decision," Mr. Speers says, "I spent a lot of sleepless nights."

"The cost was considerable. And when I looked around, no one else was doing what we were doing. My God, I thought, am I out on a limb all by myself?"

Arcord was banking on a growing scarcity of energy, especially natural gas, and higher prices.

"In the fall of 1973 the Arabs made us look good," Mr. Speers says.

Cement-making takes a lot of fuel. Per \$1 of sales, the Federal Energy Administration says, the industry ranks as the No. 1 user of BTU's—mostly natural gas.

Arcord, sales \$200 million, led a move to coal among cement-makers.

Drilling for Gas Close to Home

Miller Brewing Co.'s new, four-million barrel brewery near Auburn, N. Y., burns 6.3 million gallons of

fuel oil a year. Miller would prefer natural gas, but it is not available.

Federal price controls partly explain why. Less natural gas is being sent north via pipeline from the rich gas fields of Louisiana and the Southwest.

Once shipped across a state line, natural gas normally is subject to a ceiling price set by Washington. So a bigger percentage of gas stays in the state where it is found. There the market, not a federal bureau, decides what the fuel is worth.

However, Miller is solving its natural gas problem.

The Milwaukee-based brewer has taken out mineral leases on 15,000 acres near Auburn.

"We know gas is there," a company spokesman says.

Miller is spending \$20 million to drill wells and build a pipeline to carry the natural gas to its brewery and a companion canning plant.

Small amounts of natural gas have been produced in New York State since the 1880's. With Southwest gas cheap and once abundant, investors lacked incentive to drill for it locally.

"The gas we get here will cost about \$1.20 per thousand cubic feet," a Miller spokesman says. "That will be expensive compared to the price-controlled gas from the Southwest."

"Yet it will still be cheaper than alternative fuels—and we will have it."

Trying Out Solar Energy

In sunny Sacramento, an energy source of the future is already at work.

Campbell Soup Co. has its big West Coast canning plant in the California city. One of the plant's 20 production lines is hooked up to solar energy.

On the roof of the building, 7,578 square feet of heat collectors gather energy from the sun. The system supplies 74 percent of the energy needed to bring water up to the sterilizing temperature of nearly 200 degrees.

The solar equipment was designed and installed by Acurex Corp., Mountain View, Calif. The Federal Energy Research and Development Administration finances the \$500,000 experimental installation.

"The system will provide the Campbell plant with 2.1 billion BTU's a year," Acurex executive Robert Mawhinney says.

"That energy will cost about \$7 per million BTU's. That is not much more than electricity costs here—\$6 per million BTU's. And, in California, electricity is cheap. The state has lots of inexpensive hydroelectric power."

Campbell expects its solar energy installation to be out of the experimental stage and on a regular production basis by fall. □

and agricultural groups moved about the House office buildings seeking support for deregulation.

Stacked rules

For three days the battle raged. The arguments could have been anticipated: One side argued that there was no shortage and that a deregulation bill would be a ripoff of con-

until the following week, but on Thursday afternoon a signal came from a United Auto Workers official who was the outside coordinator for the antideregulation forces. He had observed that a number of representatives had already left to spend the weekend in their districts, and he suggested that a hastily prepared compromise bill, introduced the night

As the vote began, each side rallied its forces. Fifteen minutes are allowed for a recorded vote in the House, and the clock counts down the time remaining in which members may vote, while the yeas and nays are recorded electronically.

When the clock ran out, the vote was 196-196. With a tie, the compromise would fail. However, voting was held open as stragglers made it to the chamber, and a few people were talked into switching their votes. When the gavel fell, the tally was 205-201 in favor of the compromise and against the genuine deregulation bill.

Hopes for deregulation in 1976 ended at that point. The House and Senate were stalemated. A conference to try to reconcile the two widely disparate bills would have been a waste of time and was never begun.

One result of all that maneuvering was the closed factories of the winter of 1976-77.

The question is: Will House action on natural gas in 1977 be a rerun of 1976? I think not. The comment from my Northern colleague, mentioned earlier, indicates significant change.

A complex problem

While deregulation of natural gas is our best solution, it is not a panacea.

One issue to be resolved is the situation of producing-state consumers who have long been paying market prices for natural gas while the consumers in other states have been getting gas from the same wells at a much lower price. The producing states are concerned about appropriate protection against having their own supplies bid away from them by the very people who have been underpaying them for their products.

In addition, it takes several years to bring new gas on stream after an initial decision is made to seek land for exploration, drill exploratory wells, map out the field, and bring in the production lines. Thus, shortages will persist for several years. None of this is particularly easy, but people should not enter public office if they are simply looking for easy decisions.

The country needs gas. I believe deregulation is an idea whose time came years ago. I expect to see deregulation legislation reach the President's desk in 1977. □



Domestically produced gas freed of federal price controls would be far cheaper than the liquefied natural gas being imported in increasing amounts. The cost of LNG tankers like this one adds substantially to the price of the imported fuel.

sumers. The other side argued that only by allowing the marketplace to work could the shortage ever be eased and conservation achieved.

The rules of the game were stacked against deregulation, however. Mr. Dingell, floor manager for his own bill, had a staff of eight attorneys and committee assistants seated next to him.

One of their assignments was to look after 200 highly technical, proposed amendments to the measure that had been prepared for submission. I was not allowed to have even a staff member of my own on the floor, nor to have a committee staff member sit by me to offer advice. When I asked why not, I was told: "It's the seniority system."

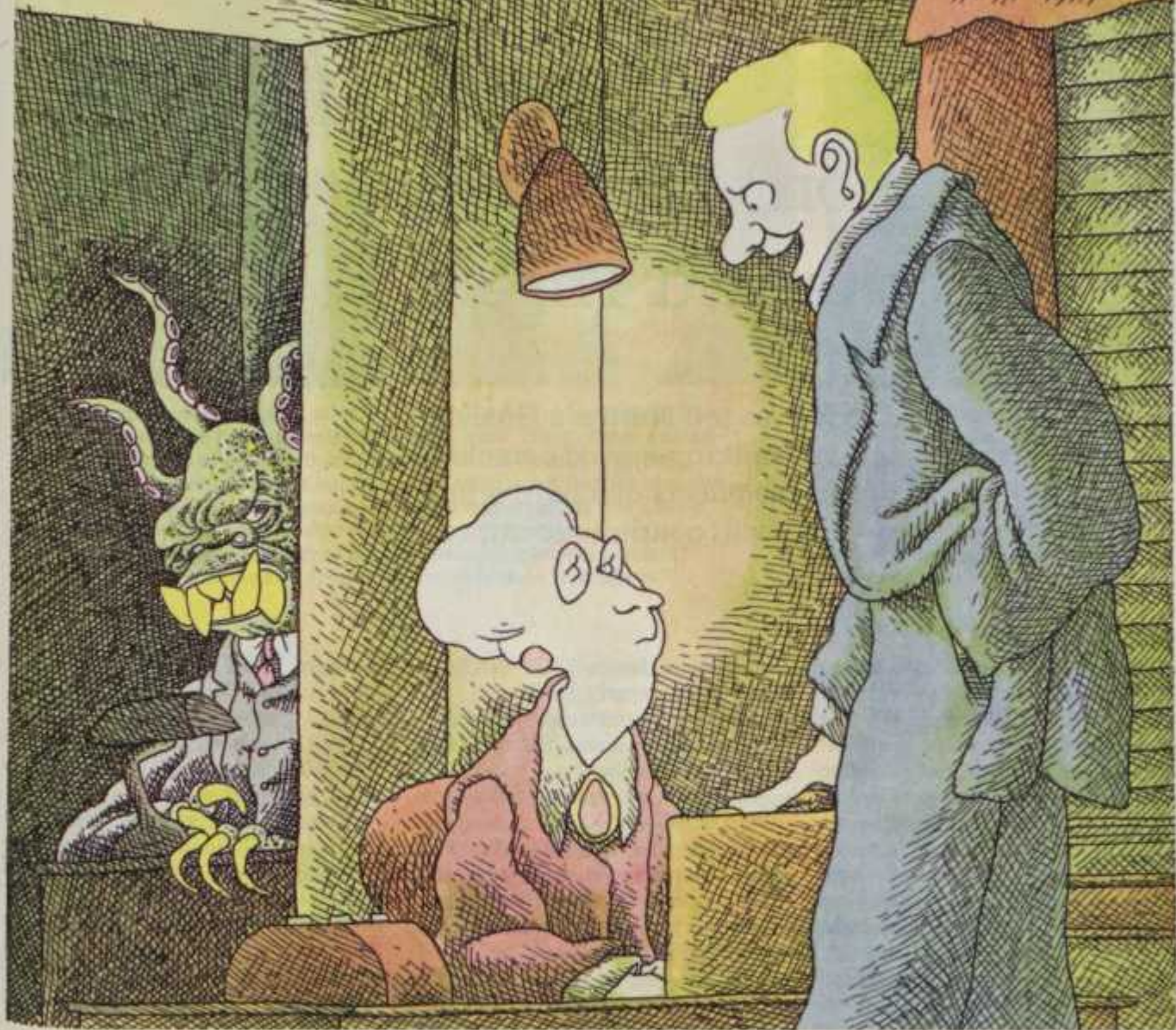
The vote was not expected to come

before, should be brought to a vote immediately.

This bill ostensibly would have deregulated independent producers. Actually, by regulating major producers of gas in both interstate and intrastate markets, it would have resulted in bringing more, rather than less, gas under federal regulation. Nonetheless, the bill was sold as a compromise deregulation measure to members who had had no opportunity to discuss or study it. I doubt that more than five members on the floor that Feb. 5 understood the nature of the bill.

It is a political truism that, on a particularly divisive issue, members will flock to a compromise when worried about the potential unpopularity of their votes.

Graham Wilson



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What Business Leaders See Ahead

The Economy Resumes Its Upward Thrust

Executives tell Nation's Business the economy is making a good comeback from the effects of a hard winter and will continue to improve



Charles J. Pilliod, Jr., chairman, The Goodyear Tire & Rubber Co., Akron, Ohio, expects increased capital investment and home building to augment consumer spending and send the nation's economy forward. His company's payroll is up 13 percent, with productivity unchanged.

THE NATION'S economy took a hard blow earlier this year from protracted frigid weather in the East and continued drought in the West, but the economy has made a comeback. Prospects now are excellent for further improvements during the second half of the year.

This is the opinion of an overwhelming majority of company executives who took part in the latest NATION'S BUSINESS outlook survey.

Seventy-eight percent of the executives who responded say that the economy has resumed the upward thrust interrupted by winter weather and will continue to improve in the coming months.

Only four percent believe the economy will go downward in the last half of 1977. Sixteen percent expect business to level off. Two percent decline to offer an opinion.

Sales and new orders

Here are other questions asked in the survey and the response they drew. Answers do not add up to 100 percent, since all respondents did not reply to every question.

How are your sales and new orders

behaving so far in 1977? Higher or lower than in early 1976?

Fifty-six percent say higher, 17 percent report about the same, and 20 percent say lower.

Is your inventory-to-sales ratio rising or falling?

Twenty-nine percent say their ratio is unchanged, 24 percent find it rising, and 19 percent, falling.

How are your profits behaving so far in 1977 as compared with early 1976?

Thirty-nine percent report profits higher, 24 percent lower, and 16 percent, unchanged. Eighteen percent say it is too early in the year to make a valid comparison.

Pay and productivity

What is happening at your company as regards pay, productivity, and number of employees?

On pay, 75 percent say up, 16 percent about the same, and eight percent, down.

Fifty-two percent report productivity has increased, 32 percent say that it is holding steady, 13 percent say that it is down.

On the number of employees, the

answers were: Unchanged, 44 percent; up, 33 percent; down, 19 percent.

Will you increase your company's capital investment in 1977? If so, by what percentage?

Forty-four percent say capital investment will increase, and 48 percent say it will not increase or will remain about the same.

Of those who plan to boost spending on plant or equipment, most estimate increases of five to 30 percent.

Carter stimulus

If passed, how important will the business tax benefits in President Carter's stimulus package be to your investment decisions?

Fifty-seven percent say not important at all, and 22 percent say of little importance. Only seven percent state that the tax benefits will have a very significant bearing on their investment decisions. An even smaller number, five percent, believe the stimulus will help the economy. Some are very critical of the President's proposal.

One executive says: "Scares the



Henry W. Bloch, president and chief executive officer, H & R Block, Inc., Kansas City, Mo., is encouraged about the economy. He believes it is on the way up, although he fears that increased government spending may again fuel the fires of inflation.



John C. Emery, Jr., president, Emery Air Freight, Wilton, Conn., expects the rate of inflation to drop to five percent this year. Furthermore, he is encouraged by "the quality of people President Carter is surrounding himself with and their approach to problems."



Walter B. D. Hickey, chairman, Hickey-Freeman Co., Inc., Rochester, N. Y., says his company's sales are running higher—so far in 1977—than they were last year. The increased volume adds up to what he calls "good business."

heck out of me." Another describes it as "asinine."

What, in your opinion, will the rate of inflation be at the end of 1977?

Half say between five and six percent. Only four percent foresee a lower rate.

Thirty-one percent see inflation running at rates of seven to nine percent by the end of the year. A few fear the rate may be higher.

What do you consider the most encouraging aspect of the economy today?

This question drew a wide variety of answers. The aspects of the economy mentioned most often and the percentage who made the replies were:

- Improved consumer and public attitudes, 24 percent.
- Moderated inflation, 17 percent.
- New government approaches by Washington, 14 percent.
- More stable economy, 11 percent.
- Increased capital investments, eight percent.
- More housing starts and new car sales, six percent.

• Moderate increase in the economy's growth rate, six percent.

What is the most discouraging aspect of the economy today?

Inflation and lower productivity due to government interference drew the most responses, 30 percent. Then came energy costs and lack of an energy program, 18 percent, and continued high rates of unemployment, ten percent. Among other factors cited as most discouraging were: Congress; too many government programs; inexperienced new leaders in Washington; President Carter's close ties with labor unions; the economic impact of bad weather.

Housing a key

Here are some individual comments on business trends:

Thomas F. MacDonough, president of Hartford Federal Savings and Loan Association, Hartford, Conn., believes the economy will improve because housing is on the up trend and financing is more available.

G. F. N. Smith, president of American Mutual Life Insurance Co., Des Moines, looks for moderate improve-

ment in the economy. He, too, credits the revival to increased housing activities plus stepped-up capital investment.

Frank T. Cary, chairman of IBM Corp., Armonk, N. Y., says the improving economy is a reflection of "continued improvements in consumer spending and housing, faster growth in capital spending, and the stimulating effect of the Carter administration's program." He adds that manufacturing productivity at IBM has "continued to improve, although salary costs are up somewhat."

Washington's role

Edna L. Minton, treasurer of Minton Machinery Co., Oklahoma City, says there is a "total lack of understanding on the part of our Congress of what actually happens in the business sector." Furthermore, she says, congressmen are "too intent on taking care of themselves."

Walter E. Hoadley, an executive vice president of the Bank of America, San Francisco, says business tax benefits in President Carter's stimulus package would have a "modest"



Orson C. Clay, president, American National Insurance Co., Galveston, Texas, is discouraged by high government spending and persistent inflation. He is encouraged because inventories are down and consumers are buying once again. Mr. Clay feels the economy will improve.



Ernest L. Grove, Jr., senior executive vice president, Detroit Edison Co., Detroit, says the economy will improve because business volume and profits continue to climb, interest rates have declined, inflation has dropped, and unemployment is diminishing.



J. H. Griffin, senior vice president, Southwire Co., Carrollton, Ga., says the economy will improve because "the business community has learned that President Carter is no radical." Mr. Griffin looks for business and government to join hands to improve the economy.

effect on his bank's investment decisions. The economy is improving, he says, because of momentum, stimulation, rising income, few excessive inventories, and improving public confidence.

Lonnie W. Wege, a vice president of Cities Service Gas Co., Oklahoma City, looks for slow but continued economic improvement. His reason: "Present patterns of growth will augur against overstimulation by government to avoid inflation."

Increased government spending will be the main reason for the improving economy, says Norman N. Burnes, Jr., chairman of Rome Manufacturing Co., Inc., Rome, Ga.

Increasing outlays

George C. Dillon, chairman of Butler Manufacturing Co., Kansas City, Mo., expects the economy to "go up moderately" because of increasing business outlays.

H. A. Walker, Jr., chairman and chief executive officer of Amfac, Inc., Honolulu, sees the economy slowly picking up steam again now that the winter has gone.

Edward G. Uhl, chairman of Fairchild Industries, Inc., Germantown, Md., also cites the effect of the cold

weather on the economy. He says: "The first half [was] impacted by cold. The second half will be boosted by a need to catch up."

Alan C. Root, senior vice president-operations services of American Standard Inc., New York City, finds orders for building products running stronger, but demand for capital goods merely holding steady.

Clyde D. Hartz, corporate economist for Schlage Lock Co., San Francisco, says his company's sales of builders' hardware are up, thanks to recovery in the construction industry.

Another executive in the San Francisco Bay area reports sales and new orders for his firm's products about even with those of a year ago. Harold Hafner, vice president of Monarch Steel Products Co., Inc., Oakland, says the reason is that, industrially, the bay area economy is "flatter than the proverbial pancake." However, Mr. Hafner expects the economy generally to go up "like a skyrocket."

C. William Verity, Jr., chairman and chief executive officer of Armco Steel Corp., Middletown, Ohio, has this to say: "The order book in the first quarter was stronger than a year

ago, although delivery schedules were impacted by severe weather conditions." The second quarter outlook, he says, is "cloudy as our customers assess economic damages caused by energy shortages."

James D. McClary, chairman of Morrison-Knudsen Co., Inc., Boise, Idaho, says his company's sales during the earlier part of the year were lower than in 1976. He adds, however: "The potential for increasing our sales over 1976 is good, and we expect to do that."

Inventories falling

William F. May, chairman and chief executive officer of American Can Co., Greenwich, Conn., finds that his ratio of inventory to sales is falling because of better inventory controls.

Howard S. Naft, president of Phil-Maid, Inc., Chicago, reports the same experience. His company's ratio of inventory to sales is falling because, he says, "I am forcing it to fall."

Executives reporting rising inventory ratios include: Willard T. Chamberlain, president of Anaconda Co.'s Anaconda Brass Division, Waterbury, Conn.; Harry J. Kane, ex-

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ecutive vice president-finance of Georgia-Pacific Corp., Portland, Oregon; J. J. Guidrey, chairman and president of Tokheim Corp., Ft. Wayne, Ind.; and David J. Andrew, president of EB Industries, Inc., Simsbury, Conn.

In some cases the weather's adverse impact on sales is the reason why inventories are up. In other instances, inventory building is deliberate.

Holding the line

Some executives report that their companies are trying successfully to maintain inventories at present levels. Among these executives are: W. W. Callan, chairman of Central Freight Lines Inc., Waco, Texas; William A. Baltzell, chairman and chief executive officer of Oakite Products, Inc., Berkeley Heights, N. J.; Norman F. Parker, president and chief executive officer of Varian Associates, Palo Alto, Calif.; R. Warren Howe, vice president-marketing of Belden Corp., Geneva, Ill.; Joseph R. Carter, president of Wyman-Gordon Co., Worcester, Mass.; and

Marvin G. Mitchell, chairman and president of Chicago Bridge & Iron Co., Oak Brook, Ill.

Profit picture mixed

Profits in 1977, compared with those of early 1976, are mixed, executives say.

Frank H. Bertsch, president of Flexsteel Industries, Inc., Dubuque, Iowa, reports profits off. "Costs are rising," he adds, "while competition is keen, holding down selling prices."

Charles F. Kenny, chairman and chief executive officer of Island Federal Savings & Loan Association, Hempstead, N. Y., finds profits "better than in early 1976, due to continuing improvement in yields on investments."

Saunders Jones, president of Birmingham Stove & Range Co., Birmingham, says: "We are losing less money due to more sales, more efficient use of manpower, [and] better supervision."

R. Drake Keith, vice president and treasurer of Oklahoma Gas and Electric Co., Oklahoma City, notes that the utility's "earnings are flat

to slightly lower due to increases in the cost of doing business and insufficient rate relief."

Discussing pay, productivity, and employment, executives reflect a generally optimistic outlook.

Productivity up

Joseph M. Murphy, store operations supervisor for Fernandes Super Markets, Inc., Norton, Mass., says: "Our labor-to-sales ratio is about the same as last year, but this is because of better productivity. We negotiated a new labor contract in July with substantial pay increases which forced us to become more efficient and to slightly reduce our work force."

Here is how Francis E. Ferguson, president, Northwestern Mutual Life Insurance Co., Milwaukee, sums up his company's experience: "Productivity up substantially." His company is handling a volume of business that has increased 60 percent since 1970, he says, with the same number of employees.

Pay rising, too

Irwin F. Porter, executive vice president of Northern National Bank, Presque Isle, Maine, says his bank increased employee pay approximately seven and a half percent, effective in January, 1977. He also reports "some improvement in productivity, with a very small increase in the number of employees."

Frank R. Chase, vice president and general manager of the Donaldson Industrial Group of Donaldson Co., Inc., St. Paul, Minn., notes that "pay and productivity are both rising. We are endeavoring to hold down new hiring as far as possible."

William E. Hole, Jr., president of American Aggregates Corp., Greenville, Ohio, reports: "Pay, plus nine percent; productivity, minus one percent; employees, down five percent."

R. W. Abrams, president of West Coast Paper Co., Seattle, Wash., offers a similar summary: "Pay, plus ten percent; productivity, plus 15 percent; employees, even."

Charles E. Ducommun, chairman of Ducommun, Inc., Los Angeles, manufacturer and distributor of industrial products: "Employment gradually moving up. Productivity improved in 1976. Pay moving up at about the rate of inflation, six to eight percent." □

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How Business Management Improves Government

BUSINESS is frequently critical of government for not using business know-how and ingenuity in carrying on the work of government.

In the twin Michigan cities of Benton Harbor and St. Joseph, businessmen have followed up words with action and now are running a number of federal, state, and local programs.

Judging by the success of some of these programs, the businessmen are proving a point—that sound business techniques improve government's dispensing of services to the people.

Wasted money

It all started several years ago when the Twin Cities Area Chamber of Commerce decided that federal pump-priming efforts in the area were not doing an adequate job of helping the local economy.

In fact, says immediate past Chamber President John P. Banyon, many large employers felt that "all the manpower money channeled into Berrien County had been wasted." Benton Harbor and St. Joseph, located across the St. Joseph River from each other, have more than 40 percent of the population of Berrien County.

Both the business community and county officials recognized that only the most efficient use of public funds would provide the kind of help that was needed in the county, where a high percentage of the urban population lives on some kind of government subsidy.

Good management

The Twin Cities Chamber was called in by the county in 1968 to help set up manpower training under the federal Model Cities program and again, later, to administer a National Alliance of Businessmen job-training program for the county.

"We selected the chamber to con-



Some 1,200 high school students, such as these watching an auto mechanic, have taken part in a career awareness program run by the Twin Cities Area Chamber of Commerce.

duct training programs because we felt the chamber would do a good job of administering them," County Finance Chairman Lad S. Stacey recalls. The chamber, he adds, "represents good management and fiscal accountability."

When funds under the 1973 federal Comprehensive Employment and Training Act began reaching Berrien County, the county selected the chamber to run the CETA program, too.

Knowledgeable employers

Walter B. Laetz, chairman of the Berrien County Manpower Council, says:

"The chamber represents the major employers of Berrien County that have the jobs for the target group, and they are knowledgeable about what is needed to make an individual into a productive employee. The chamber is also interested in economic development. So there is a natural tie-in."

In time the chamber took on more public programs, ranging from small

business assistance to summer youth activity.

Chamber Executive Vice President Roger H. Curry says money earned through government contracts for running the programs enables the chamber to finance some of its own programs.

"I would like to emphasize," Mr. Curry says, "that we operate the chamber the same way industry does—with the balance sheet always in mind. It is imperative that a chamber have a balanced budget."

The Benton Harbor Dental Clinic, in order to qualify for county funds, was required to have a nonprofit agency handle its financial records. It turned to the chamber, which last year earned \$150,000 managing the clinic's financial affairs.

Opening student eyes

Last summer the chamber was responsible for getting 1,200 fruit-picking jobs for youngsters. During the past two years a chamber-sponsored program in which businesses inform youngsters about career opportuni-

ties has attracted almost 1,200 high school students.

Whirlpool Corp. is one of the businesses participating in this career awareness program. Stephen E. Upton, a Whirlpool vice president, says: "The program apparently is doing its job of opening the eyes of students to

the various career opportunities in our county and should receive a great deal of commendation."

Mr. Curry told NATION'S BUSINESS that the chamber's involvement in government programs has helped develop the maximum good from public dollars. At the same time, the char-

acter of the chamber has been altered. Former President Banyon explains:

"We have become a total community organization involved with socioeconomic concerns and programs, and we have a commanding leadership position in the total business community." •

An Era Ends in Big-League Baseball

When the 1977 major league baseball season opens this month, something will be missing—new Spalding baseballs.

Ever since 1876, when Chicago professional baseball pitcher A. G. Spalding opened a baseball manufacturing concern, Spaldings have been the only balls used by the majors.

"The decision to sever our ties with the major leagues was purely economic," says Richard M. Geisler, president of the Spalding company, a division of Questor Corp. "We reached the point where we could no longer absorb the loss incurred on each ball."

Spalding had been getting about \$1.50 for each ball sold to the National and American leagues, but the balls cost \$2 to produce. With Spalding turning out about 250,000 balls annually for the two leagues, that comes to a rather sizable loss.

"Profit is the universal language in the sporting goods business as well



Spalding President Richard Geisler says his firm still will sell many baseballs.

as in other businesses," Mr. Geisler says. Furnishing balls to the majors has represented only about 15 percent of Spalding's baseball and softball output, and the company will continue to produce huge numbers of baseballs. Nevertheless, baseballs will represent only a small part of Spalding's total sporting goods business.

This, Mr. Geisler says, "reflects a change in the American way of life. Ours is a nation of participants, not just spectators."

A decade ago Americans were more team-sport oriented than they are now, he says. Today the emphasis is on personal physical fitness and exercise. Mr. Geisler says: "Increased blocks of leisure time—early retirement, longer weekends, and more public holidays—point to continued growth for the sporting goods industry."

Tennis for some time has been America's fastest-growing sport, its growth spurred by increases in the number of women taking to the courts. American women last year alone spent some \$55 million on tennis clothing. They spent more on tennis than men, Mr. Geisler says.

Consumer product lawsuits are becoming a major concern among sporting goods makers. Spalding stopped making football helmets five years ago, perhaps just in time.

"One of our competitors has just paid off \$5 million in damages in a product liability case involving a football helmet," Mr. Geisler told NATION'S BUSINESS. "That company has several similar suits pending. It could be put out of business."

"No matter what leisure time products you're in these days, you have to be alert to consumer safety." •

A New Path to Success in Communication

Sheldon Hearst is a successful advertising executive who found a new way to get messages across to the public. He uses supermarkets.

Twelve years ago Mr. Hearst got the idea of distributing consumer advertising brochures in a high-traffic location. He decided there was no better place for such brochures than a supermarket.

After much resistance, Mr. Hearst convinced a small supermarket chain in Boston to let him install display racks for brochures in its stores. He formed a company called Supermarket Communication Systems, Inc. Today he has thousands of racks in supermarkets in 12 states and the District of Columbia, and he is increasing the number of outlets.

The only change in concept since he started has been to add a display area on the rack where supermarket customers, at no cost, can insert personal advertising. The overall display is called the Good Neighbor Bulletin Board.

About 100 million pieces of paid advertising a year are distributed on these bulletin boards. Advertising clients pay according to the number of locations in which their material is featured.

Housewives, employed in each city where the bulletin boards are located, visit stores monthly, take Polaroid snapshots of the racks, and send these to Mr. Hearst. This way he can make sure that his service representatives are keeping the racks presentable and well-stocked.

"Our business is just another way of people communicating with one another," Mr. Hearst says. □

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Lessons of Leadership

Winning and Holding Employee Loyalty

Pitney Bowes enjoys high productivity from its workers and low turnover. In this interview, Chairman Fred T. Allen explains how his company does it

FRED T. ALLEN, chairman and president of Pitney Bowes, Inc., believes that informed employees are the best employees.

As a result, Pitney Bowes under his leadership follows unusual procedures designed to keep a flow of input from all employees into company management policy and to keep all employees well-informed about what the company is doing.

Throughout the year there are regular meetings at which employee representatives and managers at various levels try to solve mutual problems, which include grievances. Annually, about the time of the company stockholders' meeting, there are so-called jobholders' meetings at which company officers answer employees' questions about company practices and prospects.

In addition, there are detailed studies from time to time of workers' and managers' attitudes toward Pitney Bowes and toward business in general. Findings have been applied to company policy wherever possible.

Do such procedures pay off for Pitney Bowes? The company is convinced that the answer is yes.

Pitney Bowes reports its workers' productivity is high and its work force turnover is low. The firm's employees have chosen not to be represented by labor unions.

The company's programs for winning and holding employee loyalty had their inception with the late Walter H. Wheeler, Jr., a predecessor of Mr. Allen at the top of the Pitney Bowes pyramid of power [see "Lessons of Leadership," *NATION'S BUSINESS*, February, 1970]. Mr. Allen has carried these programs forward and expanded them in a growing company.

Mr. Allen, a youngish 60, has worked at Pitney Bowes since graduating in 1938 from Brown University in his native Providence, R. I. He has been chief executive officer for four years, during which time the international manufacturer of mailing and other office equipment has prospered greatly.

Revenues in 1972 totaled \$339.6 million, and net earnings from continuing operations were \$14.5 million. Revenues last year were \$539 million,

and earnings from continuing operations were \$30.8 million.

As chief executive officer, Mr. Allen has been notable not only for guiding the company to greater productivity and profitability, but for speaking out forthrightly against any lapses in American corporate morality. He has made a number of speeches urging that business be above reproach in its ethical standards.

Mr. Allen and his wife, Charlotte-Ann, live in Greenwich, Conn., a short drive from Stamford, Conn., where Pitney Bowes has its international headquarters and where the following NATION'S BUSINESS interview took place.

Mr. Allen, you have said corporate morality in America needs to be improved. What is the problem?

The ethical standards of American business are as high now as they have ever been. They are as high as those in any profession. They are higher than business ethics standards in almost any other country.

Having said that, I must add that corporate morality in this country can and should be improved. It should be beyond reproach. A small percentage of American corporations have behaved badly, and there has been a mistaken belief that other companies also have violated the rules of good corporate behavior.

There has been a deterioration in the degree of respect that government and the public have for corporate executives. If this does not change, more government regulation of business will result. I hope we do not come to that.

What must business do?

Ethical standards of businesses are set by chief executive officers. This has always been true. If the philosophy of chief executives is one of high ethics, and if they implement that philosophy with clearly understandable codes of company conduct, then I think the morality of our companies and the ethical standards of our employees will be improved.

So, you see, the power to improve is inherently ours. At Pitney Bowes we have made it clear that our ethics are high in management and that we

expect a high level of conduct from our employees.

If corporations do not police themselves, what do you foresee?

Actually, I think, companies in general are policing themselves more than ever before. They are trying to stop unethical and illegal practices.

Pitney Bowes recently surveyed nearly 500 people in upper-level management at the company on their feelings about morality in the business world. What are some of the findings?

About 80 percent said business operates on a high ethical plane. We expected that.

We also found, however, that many of our younger managers were some-

"I think companies in general are policing themselves more than ever before. They are trying to stop unethical and illegal practices."

what skeptical of business in general. They were not so sure that unethical practices at other companies were going to be corrected right away.

Some of our younger managers felt that, even at Pitney Bowes, they were under pressure to perform in a way which might lead them to violate their own personal standards. This feeling is not unique among Pitney Bowes people. It has turned up in every similar survey taken anywhere. Actually, the feeling here was less acute than I expected; nevertheless, it is something to be concerned about.

We feel here that marketing managers should avoid setting sales standards which are perhaps beyond the abilities of younger managers to reach without doing things under the table to increase sales.

If American corporations abide by laws abroad, how can they compete when foreign companies do not abide by those same laws?

Companies operating in any country must obey that country's laws.

Incremental business that a company gets because it breaks laws is not necessarily worthwhile—certainly not if you jeopardize your standards all over the world.

If a company bribes and accepts other illegal behavior as being a way to do business, the company subjects itself to conditions for blackmail.

Most companies do not need the marginal business they might get with unethical practices. Pitney Bowes certainly doesn't.

What are some of the big problems facing American business?

I immediately think of three:

First, there is the problem of increasing the awareness of the public about the good things that business does. We see many reports indicating that people think business is bad. This must be changed.

Second, there is the problem of raising capital. This is an increasing problem.

Third, there is the increasing problem of overregulation by government. Business must indicate to Congress that further regulation can be counterproductive.

Which administrations create more regulation for business—Democratic or Republican?

I've read, and I'm inclined to agree, that Democratic regimes have been more probusiness than Republican. I don't know why, but it seems so.

Actually, whichever party is in power in Congress or the White House works within the reality of situations. Neither goes all the way in any direction.

Incidentally, have you stopped to think that Mr. Carter is the first true businessman in the White House since Mr. Hoover? Mr. Truman was a haberdasher, but he ran his store for only a short time.

Is private enterprise dying?

Oh no. Private enterprise is and will continue to be the backbone of this country. Congress knows this.

Now abroad—well, that may be different. The United Kingdom is heading toward broader socialism, toward something like the situation you find in Sweden. I must add that the Swedes seem to have slowed, even backed off a bit, in their move toward more socialism. There is a great deal of private enterprise still in Sweden.

I don't think many countries now are moving toward communism or other types of state ownership. Complete state ownership is a passing fad; at least I hope it is. But there is a tendency in parts of the world to go to Swedish-type socialism.

Do you believe that much of Britain's troubles are due to abandoning private enterprise?

I do. And socialism may even be expanded in Britain, making her troubles more acute. You know, just the threat of nationalization often can have the effect of nationalization. Investors are scared off.

What do you see ahead in relationships between corporations and their employees?

I look for much more ownership by employees—not total ownership, but partial ownership through stock purchases by individuals and by pension funds.

In addition, I believe that the corporation is going to be more responsive to problems of employees and that there will be increased interest among employees in the welfare of the company, which the employees will partially own.

Added employee interest in the welfare of the company could well come at the expense of employee interest in unions.

I do not think America will see much of the type of worker participation in management that you find in Europe, especially in West Germany, where employees have two or three representatives on a company's board of directors.

Would Pitney Bowes willingly have employee representatives serve on its board?

We don't think highly of that here.

By and large, European-style participation is so much window dress-

ing. At Pitney Bowes we have our own form of participation, a better form.

For 45 minutes each month all of our 18,000 employees stop work and meet in groups of a dozen or so with their section supervisors. These are not labor-union-type meetings—in fact, Pitney Bowes has no labor unions. Wages are not discussed at these meetings, but a great many other things are brought up—new policies, problems the supervisors want to talk over, problems employees want to air.

The following week, in each department, the department head meets with the section supervisors and employees elected as representatives by fellow workers in each section. There is one employee representative per section supervisor.

At these meetings whatever problems were not settled the previous week are discussed.

Then the process moves up another notch a week later, when the department heads—each accompanied by an elected employee representative—get together with division

heads to work on problems that could not be solved at lower levels.

A week later the group vice presidents meet with the division heads and a matching number of employee representatives. Some of the employee representatives who meet with the vice presidents have come up through three series of elections. They are true veterans.

Minutes of meetings are printed and posted on bulletin boards.

Are there other ways in which you get employee input?

Yes. Another company technique for communicating with employees is our series of employee meetings that take place around the country about the time of our annual stockholder meeting. After all, employees give much of their lives to Pitney Bowes, which is usually a lot more than most stockholders give.

A panel of company officers, which includes me, answers any question—just so questions are not scurrilous—about business and the company. Questions are submitted in writing, but the officers do not see them beforehand, and other questions are asked from the floor. When the panel cannot answer a question, a written answer is provided as soon as the information is available.

Also, Pitney Bowes often goes straight to the employees directly involved in some problem, perhaps a production snag or bottleneck. We ask the employees for help in solving the problem, and we get fine cooperation and involvement.

We think our kind of participation means more than the European kind, where employees may have two or three members of the board on their side, but the employee representatives can be outvoted at any time.

Pitney Bowes management retains the final say in all things?

Yes. Our employees know that. Nevertheless, corporate decisions often are influenced by employee input.

Pitney Bowes does not believe that what the employee doesn't know won't hurt him?

Absolutely not. In 1947, when the late Walter Wheeler was chairman, the company decided that the better-informed employees were, the better employees they would be. If people

"Pitney Bowes often goes straight to the employees directly involved in some problem, perhaps a production snag... We get fine cooperation and involvement."



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understand a problem, they will
work to solve it.

The plan for company meetings
up and down the employee scale
came from the federal government's
encouragement of labor-management
committees and meetings during
World War II to boost wartime pro-
duction. The idea was that better-
informed employees would turn out
more products.

I think that this is true—and that
it applies in peace as well as war.

**Your company was a pioneer in en-
couraging employees to buy stock in
the company?**

Yes, we encouraged this long be-
fore it became popular to do so.

**Do you feel that American com-
panies are becoming more attentive
to employees?**

Absolutely. On a practical basis,
labor is now so expensive that a com-
pany must use all the creative help
it can get from everyone.

**Mr. Wheeler was a hard act to fol-
low. What new management tools
have been introduced into the com-
pany since he retired?**

We have brought in many new
management tools. For example, we
now have more sophisticated meth-
ods for making long-range plans. We
produce information that goes into
long-range plans, and this informa-
tion is backed up with advanced
analytical methods—computerized an-
alytical processes that project prof-
its, production, prices, and return
on assets.

You are right about Mr. Wheeler.
He was an industrial genius. He was
a man who believed in change. He
used to say that a policy does not
have to go on and on forever. He
was a great believer in unwritten pol-
icy. He said putting policy down on
paper took away flexibility.

What do you do for recreation?

I sail. This area is the place for
sailing. I have been sailing all my
life. I have a 43-foot boat now, and
I go out often. My family and I have
gone sailing on summer vacations for
years. I cruised to Maine on my boat
last summer.

And I play tennis. But no skiing—
I have asthma, and I can't take the
cold weather.

I also read novels for relaxation.



"I don't think many
countries now are
moving toward
communism or
other types of
state ownership.
Complete state
ownership is a
passing fad; at
least I hope it is."

Do you take work home at night?

Oh yes. I live near my office, and
I sometimes work in the office at
night and during weekends. It is
quiet then. I work in airplanes while
traveling, and I often work while I
am away on vacation.

What will you do after retirement?

I haven't the faintest idea. That is
five years away. I'm thinking about
it, though.

One thing is for sure; I will con-
tinue to be active in something. I'm
not just going to stop. ☐

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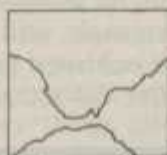
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"We switched to a Lockheed business system. To save \$50,000 a year."



An interview with James M. Allen, Business Manager, Secretary and Treasurer of Radiology Associates of Birmingham, Alabama, concerning his company's experience with Lockheed business system.

Q. What does your company do?

A. The business office, where the computer is utilized, handles billings and accounts for the 15 physicians who make up Radiology Associates.

Q. Why did you change to a Lockheed business system?

A. At the time, we were projecting up to \$80,000 per year for computer rentals and we couldn't do all the things we wanted to do. For instance, to do an inquiry into our data base was very complicated. Then Randle Rice of General Computer Corporation—your dealer—called on us. He showed me that I could run an RPG II program on a Lockheed system. After that I took what he told me on faith. That is, we could put terminals on line and do direct data entry and so on.

Q. But you weren't ready to buy yet, were you?

A. You're right. We looked at the bottom line first. After examining dollars, we decided to purchase the Lockheed System III. With potential savings of \$50,000 per year, we couldn't possibly see how we

could fail unless the system didn't actually perform.

We figured that if we used it for five years and then threw it away, we could save as much as \$250,000 compared to alternative systems available.

Q. What features of the Lockheed system attracted you?

A. The ability to get a growth system in an attractive economic package. It gave us on-line data entry and other capability.

Q. Anything else?

A. Compatibility with software languages. RPG II is a simple language; therefore we don't need a full-time programmer. That saves us about \$12,000 a year.

Q. Who operates the system?

A. About a dozen people. If a person can type and read directions, he or she can operate it.

Q. Are you convinced you bought the right system?

A. Yes and I would make the same decision again. I don't know any reason now for not picking the Lockheed system.

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The Social Responsibility of People in Business

BY ROBERT STUART

OVER the past decade much has been said and written about the social responsibility of business.

Does business have such a responsibility?

If so, has business met this responsibility?

The answer to both questions is yes.

This does not mean that business can now say, "All right, we've done our job."

Business has a continuing social responsibility, one that many businessmen recognize as having grown wider in recent years. Business has always recognized such a responsibility to its customers, employees, suppliers, and shareholders. In the past few years there has been an emphasis on being responsible to a larger public.

A valuable asset

This represents a change, but there has been no change in a basic reason for businesses to show social responsibility. For any business, being socially responsible is good business.

You can do a job better if you do it in an aura of goodwill and understanding. This is a truism that isn't confined to business. It applies to every aspect of life.

Another responsibility is fundamental to the capability of any business to contribute to society. This is management's responsibility to bring in a profit. Many critics who flail out at the "impersonal corporation" do not understand this responsibility, nor do they understand what it means to society.

Making the public aware

Any manager of a business must pay attention to the bottom line if his business is to survive and do the very things critics clamor for business to do more of: Provide jobs and goods or services. It is jobs, goods, and services provided by business which make our nation the envy of the world for our standard of living and quality of life.

A critical part of the social responsibility of business is to make the general public aware of this. There is

no way that a business can make a contribution to society—an economic contribution or a social contribution—if that business cannot survive. A business that loses money is, of course, one that does not survive.

In my own company's case, for example, it is extremely important for the public to understand that we can be unnecessarily legislated out of existence by laws dealing with solid waste problems if those laws impose restrictions that are too heavy to bear.

I don't think there is any doubt that businesses—from the mom-and-pop stores to the giant corporations—have committed themselves to broad exercise of social responsibility, as well they should.

Time and effort

This commitment certainly means more than merely giving money. It means giving time and effort to programs of varied natures. The businessman as an individual can often be far more effective than a government whose approach at times is, in

effect, just to throw a lot of money into a program.

Social problems pose challenges, and a businessman is accustomed to facing challenges. As a matter of fact, he likes to face them and master them. A businessman is competitive by nature.

Business can best play a social responsibility role in areas where the unique talents of business can best be utilized.

Minority purchasing

One good example of this is the National Minority Purchasing Council, established in 1972 to increase large-company purchasing from minority vendors.

In its first year the council generated only \$86 million in minority purchases. That dollar total had grown to nearly \$750 million in 1976, and \$1 billion this year is not an unrealistic goal.

Originally such an impact was a goal of just a few pioneering corporations. More than 800 companies now participate in the council's program. There are 30 regional councils, and the national council has 6,000 names of potential suppliers in its computers.

To be successful, of course, a program such as this requires a total commitment of top corporate officials.

The National Minority Purchasing Council program involves more than encouraging companies to buy goods and services from small, minority-owned suppliers.

Training seminars are held both for corporate purchasing agents and for minority suppliers. These seminars give the purchasers a chance to learn and understand the problems of the suppliers. Similarly, the minority business people get a better understanding of what a major corporation expects from its suppliers, an understanding that enables them to compete more effectively.

There are many broad areas where business is heavily involved in showing social responsibility. The environment, for one. Capital cost for equipment to ensure as clean an environment as is practicable is a major item for any large company, just as are the costs of labor and raw materials. I believe business has done a yeoman task in fulfilling a commitment to be responsible in dealing with environmental problems.

On an individual basis or as representatives of their companies, countless business people have carved time out of their crowded schedules for work in support of education, health care, or other public service activities.

Fighting crime

Take the Chicago Crime Commission, a citizen agency which is not government-supported but was created by businessmen and is supported financially by personal and corporate business contributions. The commission has done much to increase the effectiveness of law enforcement by influencing legislation or by giving the criminal justice agencies information and counsel

"Business can best play a social responsibility role in areas where the unique talents of business can best be utilized."

which help them improve their effectiveness.

The commission operates through a series of committees on which businessmen serve. Many of these executives' companies are affected only peripherally by the commission's efforts—their companies don't operate stores and are not located in high-crime areas, so they are not particularly vulnerable to robberies. Yet these businessmen feel it is important that they play a part in reducing crime.

Robber barons are passé

Business once had a robber baron image, but that is history. Times have changed. Our country has changed. People have changed their ideas. And business has certainly changed.

For a time most of the big business in this nation was privately or closely held, and management could

do almost anything that it wanted to do.

Today, for the most part, larger businesses are publicly held. The ordinary citizen is the shareholder. He supports a company with his own money as an investment for his present and future.

The managers, thus, are hired hands. They have less leeway in their courses of action, in that they primarily act in behalf of the shareholders. Yet they are subject to more pressures from outside their corporate headquarters, pressures for types of involvement and investment which are not related to profits or are a profit drain.

All businesses are subject to additional pressures these days. Government regulation is more stringent than once was dreamed of, and businesses of all sizes constantly face the threat of investigation by agencies at different governmental levels. Meanwhile, so-called crusaders and reformers hurl charges against businesses of one type or another, and the charges reverberate through the media.

Too often on the defensive

Because business is vulnerable, living in a glass house, so to speak, it often is on the defensive when it should not be. In my opinion, businessmen have never taken enough credit for the tremendous values of the business system and the business ethic. Nor have they taken enough credit for the tremendous contributions they have made and are making to the nation.

The businessman too often is not recognized for his part in contributing to social progress.

You can look at any area where citizens are joining together in projects to improve society, and you will find at least as many businessmen—and usually more—than you will people from other walks of life.

Unfortunately, many of the critics of business do not understand this. It is time that they do. □

MR. STUART, chairman of National Can Corp., is the first and immediate past chairman of the National Minority Purchasing Council. He is president of the Chicago Crime Commission, and he serves scores of other voluntary action organizations in an official capacity.

How to Achieve Total Financial Freedom In 1977

"Millionaires Are Not 100 Times Smarter Than You, They Just Know The Wealth Formula."

We've never met and probably never will, but I think we share a common interest. That interest is in achieving complete and total financial freedom.

Because of this common interest, I think we can be of great help to each other. You see, a little over twelve months ago my net worth reached the magic million dollar mark, and it only took me 48 months to achieve that.

That might not impress you, but if you had seen me four years ago, you might wonder how I did it. I lived in Denver then, in a cramped, tumbled down house at 2545 South High Street. My wife was expecting our second child and we were so broke we had to borrow \$150.00 from a relative just to buy food and pay the rent.

By the way, I know I didn't make a million dollars because of my superior intellect — I barely got through Ames High School (Ames, Iowa) with a C average and I think that if you'll stop and think, you'll realize and agree, there is not a single millionaire that is 10, 20, or 50 times smarter than you, or that works 10, 20, or 50 times harder or longer than you.

Now, how can we help each other? I am willing to share everything I have learned and know that would help and guide you to achieve your own financial freedom and independence. But the only way I would ever give you my secrets, methods and formulas is if I benefit also. Because as you will find when you reach your ultimate financial goals, you really don't want to stop there but you are motivated to go and make more. It seems that most people who are charging for financial advice have studied how to "do it" but have never actually "done it" themselves. You will find as you read my formulas, that since I have actually achieved total financial freedom myself, that you will receive from me more than just the motivation to achieve your own financial independence, but a workable step by step plan to actually do it.

You may have seen part of my formulas described in various publications, such as the November edition of *Nations Business*, page 69. This work is entitled *How To Wake Up The Financial Genius Inside You*. The various formulas contained in the volume will show you exactly how you can do each of the following:

- buy income properties for as little as \$100 down.
- begin without any cash.
- put \$10,000 cash and more in your pocket each time you buy (without selling property)
- compound your assets at 100% yearly.
- legally avoid paying federal or state income taxes.
- buy bargains at one-half the market value.

If you apply these formulas and methods you will find in a very short time, you will be able to spend three weeks out of every month doing anything you care to do, and I think, at

that time, you will find as I have, that spending several weeks on the beaches of Hawaii, or on the ski slopes of Colorado, or just sightseeing in Europe, or any other place in the world, you begin to understand what real freedom is all about.

Most people think that it would be impossible to do some of the things listed above. For example, to buy a property, and at the same time put \$10,000 (or more) cash in your pocket without selling the property, or to buy a property with little or no cash down.

Believe me, it is possible and fairly simple. This is exactly how most wealthy people actually do make 10, 20, or 50 times more money than you do.

These formulas of mine do not have to be used with income properties only. They actually can be applied to virtually any asset.

While I was struggling on making my first million, I often thought how nice it would be to have the personal advice and counsel from someone like Howard Hughes or J. Paul Getty.

What would I have been willing to pay for this service? I can tell you one thing for sure, it would have been a lot more than the \$10.00 that I'm going to ask you to invest in your financial future.

What will this \$10.00 actually do for you? It will give you a complete step by step plan that you can follow to become totally and completely financially independent.

Please try to understand my dilemma. I'm not a New York advertising agency, with all their professional skill and manpower to write a powerful and persuasive ad to convince you that I can make you financially independent. I am just somebody who has actually 'done it', and can really show you how to 'do it'.

What would you do, if you were in my shoes. You have in excess of \$1,000,000 net worth, you have a desire to share your formula with others, because you not only have a simple, honest and workable method whereby others too can enjoy the riches of this land, but you also want to benefit and make money from sharing this information, so you can continue to grow financially.

I think you might do what I'm doing — that is to write a simple open letter to the type of people who share similar goals as mine asking them to try the formulas for themselves, to see if they work as well as the claims described. Because, I know, as you would know if you were in my shoes, that if I can just convince you to test my formulas and methods, you will see for yourself that they will work as easily for you as they did for me.

It's really quite frustrating to have something so valuable as I know I have, but lack the skill to convince people to try it for themselves. I hope by my simple, direct approach, I can convince



Mark O. Haroldsen
Millionaire in 48 Months

you to try my formulas.

It seems the majority of the people in our rich country lose, not because they lack intelligence, or even will-power, but because of procrastination, or lack of action — please don't be like the masses. Make a decision while you have this paper in your hands. Make a decision now to either act now and send for my material or immediately round file this paper. If your decision is to subscribe, do it now, not later. Otherwise, you may lose, just by default.

To order, simply take any size paper, write the words "Financial Freedom Package", and send it along with a check for \$10.00 to Mark O. Haroldsen, Inc., Dept. E-673, Tudor Mansion Bldg., 4751 South Holladay Blvd., Salt Lake City, Utah 84117.

If you send for my material before June, 1977, I will also send you documents that will show you precisely how you can easily borrow from \$20,000 to \$200,000 at 2% above the prime rate using just your signature as collateral.

Mark O. Haroldsen

P.S. If you are still somewhat skeptical, and believe me, when I started out I certainly was, (because of the many people in the world trying to deceive others) I would encourage you to postdate your check by 30 days, and I promise and guarantee that it will not be deposited for at least those 30 days, and if for any reason you do not think that what I have sent you lives up, in every aspect to what I told you in this letter, send the material back, and I will quickly, without question, refund your money and send back your own uncashed check or money order. Also, if you would like to check a few of my references, I have listed some below.

Tracy Collins Bank & Trust, 4707 S. Holladay Blvd. Salt Lake City, Utah, Attn: Beverly Smith, Assistant Manager.

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HOW TO BECOME A FINANCIAL GENIUS ... MOST PEOPLE WHO BECOME MILLIONAIRES START OUT POOR, WHEN THEY LEARN THE PRINCIPLES OF HOW REAL MONEY IS MADE THEY SOON BECOME RICH.

MY FRIEND:

I'm getting old, and I don't have much longer to live. Unless I do this now, when I go the secret goes with me.

What I am about to give you is **KNOWLEDGE**...the knowledge that will turn you into a financial genius. You don't have to be any smarter than average. As a matter of fact many people who I know to be millionaires are in fact rather lazy and stupid, but they know the principles of how real money is made and that is why they are rich.

I used to be an ordinary man. I spent the early part of my life stumbling in the dark, trying to find a way to make all the dreams I had as a young man come true. I wanted, like most people, to be wealthy, admired and respected. Yet, no matter how hard I tried, everything always seemed to be kept from me. As though it was all hidden in the very next room, a room whose door was impenetrable without the right key.

After years of being kept from those things that I wanted most in the world my spirit could have easily broken if I allowed myself to become consumed with failure and rejection. Little could I know then how lucky I was for this to have happened to me. For something grew inside me that would not let me rest until I found the answers that would bring me all the things I so desperately wanted.

This was the beginning of a search that would become an obsession. To find the knowledge that I so desperately longed for and knew must exist somewhere. The inspiration of the great men of the past took much of the torment away. The multimillionaires and reclusive billionaires that seemed to have the world at their beck and call. The men that were able to control the very destinies of nations. How they held respect and admiration, how they were rich and powerful but not me, never me. What did all these great men have that I didn't? I knew there must be an answer and I dedicated my life to finding it, because I knew there could be no true life for me until I did.

I started to read. I spoke with and studied of the richest, the most powerful, as well as the wisest men of my time. I read every possible piece of literature that I thought would hold a clue. I studied and

learned. Trying almost insanely to put all the pieces of this great puzzle together. I kept asking myself, what did these men have? What did they have that I didn't and how could I get it?

I involved myself in all sorts of situations trying to put into practice what I had learned. I traveled with the hope that the answers might somehow lie beyond the horizon and though I didn't find them there, I know now that the proverb, "Seek and ye shall find," couldn't be more true. For when the answers were finally revealed to me they came in a way that I could not directly attribute to any place I had been to or any individual effort I had made to find them. It was as though my mind had crossed into a new frontier, a frontier that I was certain relatively few men had ever gone into before. Suddenly I saw the whole world differently, what seemed confusing before I could easily understand. What was unobtainable before suddenly became easy to get. The things that people saw one way I saw differently as though I could detect more aspects of the same thing and thereby see it more clearly or as it truly was. I had an undefined power that gave me an advantage over

everything I did. After a while I realized that I was at last the way I wanted to be. I had learned what I wanted to learn and was at long last able to live the way I had dreamed and knew it was possible for a man to live.

It is written, "Once in a thousand years a man lives a dream." For the last third of my life that is exactly what I have done. I have lived with more wealth and power than any man could ever want. I have done almost everything that I have set out to do. I doubt if there has been a man who lived a more fulfilled life than I. But now, I have only memories. This, in my opinion, next to life itself, was the greatest gift that a man could be given. But now I have come to realize that if I don't share this knowledge now, I may never get another chance to do so. I now know that I am obligated to share it and in the end this was the way the fates had destined it to be.

Therefore, I have written what I have learned and published it in a special limited edition book that contains 344 pages. What I have learned about how to become rich and successful is by no means an isolated case. I have already received many letters of thanks from some of the people who have read my book. These include United

I am selling each copy of the book for twenty dollars and you gamble that twenty dollars on yourself. You may even postdate your check up to thirty days; this should eliminate any doubt as to its value and will give it a chance to prove its worth to you.

The reason that I am asking you to pay twenty dollars is that I am still a businessman and hope to remain so until the end, and it has long been my experience that nobody ever appreciates, takes seriously, or can gain the full advantage from anything they didn't have to pay for. I also realize that twenty dollars will prevent those people who shouldn't be ordering my book in the first place from ordering. This type of person doesn't think that they're worth a mere twenty dollars and I feel sorry for them for twenty dollars is much too important to this type of person.

I realize that you may not know who I am, but, if you have enough guts and confidence in yourself to order my book, I will also send you a book written by the man who was renowned as the richest man in the world, a man whom I've had great respect and admiration for, the late J. Paul Getty. His book is, "The Golden Age". I have bought at great expense the right to publish

this great book after Jean Paul's recent and sad departure from this world. I have also printed it in very limited quantities.

I feel that it is essential you read, along with my book, the message that Jean Paul wanted you to learn...and acquire the truths that took the richest man in the world his entire lifetime to learn.

Therefore, I am making you the following offer: If you feel that after reading my book it is not worth the mere twenty dollars you've paid for it, then send it back to me and I will return your uncashed check immediately. Not only that, you can keep J. Paul Getty's book, "The Golden Age" for your trouble. Or if you prefer, return my book anytime within a year. This will give you plenty of time to apply what it will teach you. Then if you are not convinced that this was the greatest decision of your life, return the book and I will send you back your money. You can lose only if you do nothing.

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I would also like you to have my secret, but you'll have to realize that this ad will be read by many people, many of whom I do not even know. But I do know this, less than one person out of every thousand people who read this ad will do anything further. The rest will be timid, suspicious and unmoved by what is written here. They will reject it out of hand as a gimmick, a rip-off or a lot of nonsense. That is how it should be and that is good. Because if there were more people with faith enough in themselves to act on this knowledge it would no longer give those who acquire it the advantage that it does. The very fact that so few people have the guts to try, makes the opportunities for the rest of us limitless. So to you who will not act, our thanks. Your indecision and inaction has and will help make the others rich.

Managing Your Time by Managing Yourself

BY CHARLES L. HAMMAN

Many business executives could work shorter hours and yet be more effective on the job. Here are some pointers on how to achieve that happy state

IF YOU are like most other business executives in respect to the length of your workweek, you spend more time working than is really necessary and than perhaps is good for you.

Surveys show that the average workweek of business executives in this country is 60 hours, including ten hours outside the office.

Many executives use not only their lunch hour for business, but their dinner hour as well. At the end of the day they lug home a briefcase full of administrative and management problems to be worked on during the evening. And they take home more problems over the weekend.

The work habits of all business executives are, of

course, not the same. At one end of the curve are the workaholics. They labor without ceasing, driven by some inner force. At the other end of the curve are the well-organized executives who hold their work load down to a reasonable level. Yet even in this group there are some who are not as efficient as they could be at making the best use of their time.

Threat to creativity

Time, of course, is not flexible. Everyone is allotted 24 hours a day—no more, no less. You can get more time for work only at the expense of your time for self-renewal, self-improvement, and leisure.

There are other negative aspects of putting in too many hours a week on the job. When an executive strains too long and too hard in dealing with the daily details of operating the business, it becomes easy to neglect the innovative and planning aspects of management.

Creative functions of management can be postponed, but in the long run they are the very functions that determine the success of an enterprise.

And if anyone expects to be at his best in innovative thinking and planning, as well as in performance, he cannot afford to keep himself worn out all the time.

Case study in college

I learned this lesson early in life—by observation. When I was a student at Stanford University, I had two roommates whose study habits formed a sharp contrast.

Both were earnest and conscientious, and both had ability and intelligence. But one was a highly disciplined individual who was selective in his study efforts, who kept his work on schedule, and who made it a practice never to cram for an examination. On the evening before a major exam he never studied past five o'clock. In fact, he generally spent the evening before an exam at the movies. This student became a Phi Beta Kappa.

The other student disciplined himself, but in a different way. He put in long hours at study and seldom had time for anything else. Before a major exam he would study well past midnight. He was tired all the



"Many executives seem to confuse activity with results. . . .
[They undertake] tasks . . . that do not need to be done at all."



"At the end of the day they lug home a briefcase full of ... management problems to be worked on during the evening."

time, and he looked it. Unfortunately, he did not do well in his studies, despite all his efforts. In his senior year he flunked out.

Why executives overwork

Many business executives work longer than is necessary, not because they are indispensable, but for these reasons:

- The desire to be busy.

Many executives seem to confuse activity with results. Perhaps in an earlier day, the longer one worked, the greater the results. But this is seldom true today.

In fact, time-utilization studies indicate that a basic reason behind long hours is the undertaking of tasks that could be delegated to others or that do not need to be done at all.

- The fear of failure.

Studies show that even the most successful executives are commonly plagued by the fear of failure. This is one of the drives that make Sammy run. Studies also show that the extremely high level of activity required to make some executives feel comfortable does not necessarily produce commensurate results.

- The work ethic.

The work ethic is generally credited with being an important factor in the development of our economy, and rightly so. The view of idleness as a sin, however, has often inhibited the development of enjoyable and beneficial leisure for those who need it most.

With each successive generation, the impact of the

work ethic on work habits in America is lessening. Nevertheless, abhorrence of idleness still causes many responsible and serious-minded businessmen to overwork when it would be better for them not to do so.

- Lack of other interests.

Lack of interests other than work is partly a cause of overwork and partly the result of overwork. When we devote too much of our time to the job and too little of our time to recreation—and to other leisure-time activities, which, of course, could include voluntary public service—our interests and skills in leisure-time activities have less opportunity to develop. We then have less incentive to find time for these activities.

This leads us to neglect of family in favor of occupation and inhibits self-renewal, which is so important to continued success in any field of employment. Not only that, but, in the long run, lack of other interests makes it impossible for a person to enjoy retirement fully when the time to retire arrives.

The whole problem, then, comes down to how to reduce the number of hours you devote to your work each week with no decrease in your productivity and quite possibly with an increase in it. This calls for managing your time.

More than scheduling

We have always been told that the way for an executive to manage his time is to schedule his work—to put first things first and to do first things first. The time-honored method for managing one's time is this:



"Put your feet up on your desk and think about whatever good and useful comes into your mind."



"Think through your job and decide what you actually need to do yourself and what you do not need to do."

First, make a list of your professional goals.

Second, establish an order of priority for each.

Third, make a list of the steps that need to be taken to achieve each goal.

Fourth, establish an order of priority for each step.

Fifth, schedule your work strictly on a priority basis, not only for each goal, but also for each necessary step.

Finally, stick to your schedule as best you can despite interruptions and frustrations.

Up to a point, this is a wonderful system for controlling the use of your time. Its only weakness is that it does not go far enough. As a result, you don't succeed in reducing your work load appreciably—and that, of course, is what you need to do if you are going to have more time for yourself.

When you come right down to it, the only way in which you can truly manage your time is by managing yourself.

Decide what you need to do

The starting point in managing yourself as an executive, so that you can work fewer hours and still accomplish all that your position calls for, is for you to think through your job and decide what you actually need to do yourself and what you do not need to do. Then take positive action in two areas:

- Eliminate any job you are now doing that you find, on studying the matter, is not important to the success of the business. If nothing serious would happen if the job were not done at all, get rid of it.

- Delegate to others all the work that rightfully should be delegated to others. This is the key to freeing yourself from detail—and making it possible for you to cut down on the number of your working hours without sacrificing productivity.

Effective delegation is not easy. There are barriers to delegating work that should be recognized and dealt

with. Among these are failure to fully explain tasks to subordinates, unwillingness to permit subordinates to make their own mistakes, and oversupervision.

In addition, many executives are all too willing to take a task back if they see it is not going well. This practice is a major consumer of executive time. On the other hand, effective delegation not only conserves executive time, but builds the competence of subordinates as well.

Other time-managing ideas

Here are a few other ideas for managing your time:

1. Consolidate your available hours. Check up to see how you are now using your working day. Accumulate your available time—those hours and minutes not already committed—into significant blocks of time.

2. Budget your time. Allocate blocks of time to top-priority tasks.

3. Set aside a quiet time. Carve out at least one period from the week when—right there in your own office, without interruption—you can analyze the situation in a relaxed atmosphere. Put your feet up on your desk and think about whatever good and useful comes into your mind.

You get a dividend

By managing your available hours better, through the process of managing yourself better, you will be able to achieve your present level of accomplishment in a shorter workweek. Try it and see.

This will give you a time dividend to invest. There are several alternative opportunities for this investment. They include: family and leisure, self-development, service to the community, service to your profession, and other forms of service.

Unfortunately, many top executives, almost without thinking, will invest their time dividend in their own occupation. They will pick up additional business chores and duties or try to move present projects ahead at an accelerated rate.

One would hope that, in the long run, we will see a change in the attitude of the business executive who sees his job as important above all else. As the Bible tells us, there is a time for each element of a man's life—a time "to every purpose under the heaven."

This means, among other things, that we should not rush through our work to get out on the golf course any more than we should rush through the golf game to get back to work.

An attitude of that sort saps the joy from both work and leisure. Rather, we should manage ourselves and our time so that our working hours are productive and our leisure hours are fulfilling, and so that our working time and our leisure time contribute to each other's effectiveness. □

MR. HAMMAN is a management consultant, a lecturer in time management, and a member of a number of company boards of directors. He was formerly development director at Stanford Research Institute and later president of URS Research Co., a subsidiary of URS Corp. Reprints of this article are available from *Nation's Business*. See page 44 for details.

5 Questions about Canada



1. Is Canada the first, second or third largest trading partner of the U.S.?

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2. Can you name its largest freight transportation system?

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3. Which East Coast Canadian ports are hundreds of miles closer to northwestern Europe than New York or Baltimore?

Halifax in Nova Scotia and Saint John, New Brunswick — both with tracks right to docksides.

4. Now how about Canada's West Coast port that's well situated for Japan?

Vancouver — with the newest West Coast container operation, Vanterm.

5. What's the best way to ship to Alaska through Canada?

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The World of Industry

continued from page 8F

move rapidly in random fashion when heated, causing noise.

Designers now introduce circuitry to eliminate this phenomenon. Mr. Yater came to ERDA with the idea of doing literally the reverse—building a device containing many small resistors, heating them, and thus generating electricity.

One application could be to install panels of such circuits on rooftops along with solar heating panels. The sun could then heat a home or office and also generate electricity to power appliances in the structure. •

How Recycling Cuts Environmental Costs

Does reprocessing scrap metal really benefit the environment?

Calspan Corp. says the answer to that question is an emphatic yes.

The Buffalo, N. Y.-based research organization recently conducted a recycling impact study for the Environmental Protection Agency.

As one example of the significance of environmental gains from recycling, Calspan cites carbon steel production.

The firm concludes that steel from an electric furnace using ferrous scrap requires 41 percent less energy and 90 percent less raw materials than steel produced in a basic oxygen furnace using only virgin materials. •

Can Gasoline Be a Farm Crop?

Would you believe a gasoline tree?

University of California chemist Melvin Calvin, 1961 Nobel laureate in chemistry, says gasoline can be produced from certain plants that grow well in the southwestern part of the United States and other tropical and temperate zones.

Dr. Calvin told an American Chemical Society meeting that it may be feasible to "farm" hydrocarbons by growing plants of the genus *euphorbia*, such as the rubber plant or the milkweed.

These plants produce a milky juice, called latex, which contains an oily hydrocarbon similar to petroleum. The hydrocarbon is suspended in water.

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Which was recently described by a top real estate firm as one of the best destinations for light industry and technological firms considering relocation.

*According to the CHRISTIAN SCIENCE MONITOR.

the plants' latex production, Dr. Calvin says, "we might be able to generate a gasoline tree." He says that scientists must create a hydrocarbon molecule that weighs half as much as the hydrocarbon molecule now produced by the rubber plant.

Dr. Calvin is experimenting with several varieties of plants that can be grown in dry areas not suitable for food crops. If all goes well, he says, there could be a fuel yield of as much as 25 barrels per acre.

"This approach could thus provide the equivalent of permanent oil wells as long as the sun shines," he says. •

Aerospace Sales: No Rise Expected

Continuing doldrums in the commercial air transport market are expected to keep aerospace industries sales at around \$29 billion this year, the same as in 1976.

Karl G. Harr, Jr., president of the Aerospace Industries Association of America, Inc., says slow sales of commercial airliners last year reflect inadequate airline earnings and a slow-paced economic recovery. At the end of 1976 there were 191 airliners on order, compared to 258 in 1975 and 356 in 1974.

If aerospace industries sales do not rise this year, it will be the first time since 1971. •

Electrical Equipment Sales to Increase

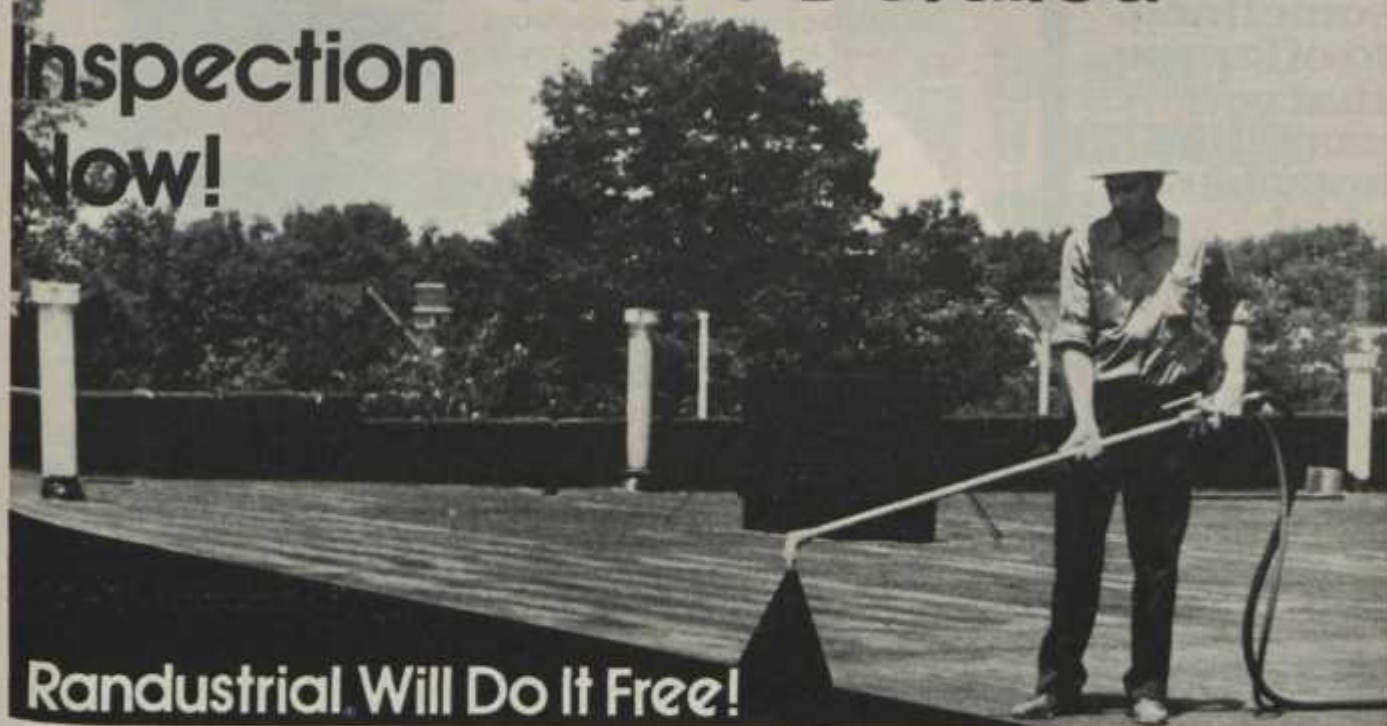
Despite slowdowns caused by the severe winter, the electrical equipment industry is expecting shipments of most categories of its products to increase ten percent this year.

Bernard H. Falk, president of the National Electrical Manufacturers Association, estimates a record volume of more than \$76 billion will be posted this year, compared to approximately \$70 billion in 1976.

Among categories in which increases of ten percent or more are forecast are electronics and communications equipment shipments, expected to reach \$27 billion; consumer products, nearly \$16 billion; industrial equipment, nearly \$13 billion; insulated wire and cable, \$5 billion; building equipment, \$3.3 billion; and insulating materials, \$1.2 billion.

The association predicts slower

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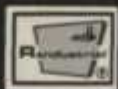
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growth in lighting equipment, with shipments in 1977 increasing seven percent to \$4.8 billion; and power equipment, rising five percent to \$6.8 billion. •

Big Rise in Boating Lies Ahead for U. S.

The Department of Transportation believes Americans are going to continue flocking to the water, with the number of boats of all types rising from a present ten million to 18.5 million by 1990.

A controlling factor will be the availability and the affordability of liquid fuels. DOT planners estimate fuel consumption will rise from a present level of more than 1.1 billion gallons to 2.3 billion by 1990.

According to industry figures, an estimated 50.5 million Americans went boating at least once during 1976. Retail spending on boating—for new and used equipment, fuel, insurance, and services—reached a record \$5.3 billion.

The Boating Industry Associations calculates the national recreational fleet in 1976 consisted of 5.9 million outboard boats; 900,000 inboard boats; 825,000 sailboats; and 2.48 million rowboats, canoes, prams, and miscellaneous craft. There were 7.7 million outboard engines, and Americans used 3.9 million trailers to move their watercraft.

So far, the sales outlook for 1977 is promising, the association says. It reports total value of manufacturers' shipments up 24 percent. •

Storing Energy With Flywheels

Widespread use of flywheels for energy storage might result in annual savings of 1.4 million barrels of oil by 1995, the Energy Research and Development Administration says.

That would represent total savings of \$7 billion for the transportation industry and public utilities in the next 18 years, ERDA adds.

At night, or other periods of slack demand, utilities can employ excess capacity to set giant flywheels spinning, thereby storing energy for use later. Trains, buses, and trucks could also use flywheels to accumulate energy to be drawn on for supplemental motive power. □

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Program in Brief

SUNDAY
May 1

FELLOWSHIP SERVICE AND FEDERATION BRUNCH

Outstanding music and timely and inspiring message with a salute to the Federation . . . topped by food, fellowship and fun over an elegant buffet brunch.

SIGHT/SOUND PRODUCTIONS FOR BUSINESS AND ORGANIZATION EXECUTIVES

A special opportunity for a firsthand look at impressive audio-visual productions, publications and program materials that are available from the National Chamber to help executives and their organizations achieve increased effectiveness.

NATIONAL CHAMBER RECEPTION

An occasion to exchange greetings with old and new friends, Washington dignitaries, National Chamber officers and directors.

MONDAY
May 2

First
General
Session

THE VOICE OF BUSINESS IN A FREE SOCIETY

An inspirational program highlighting the vital role the business community must play to insure that its voice is heard throughout the nation, and is heeded in councils of government. The program will show how American business can maximize its influence on national policy in an increasingly complex political environment and in a social environment that is often critical of business.

Luncheon

FREEDOM OF CHOICE: THE ENTERPRISE ECONOMY

The performance of the U.S. economy and, indeed, its future will be significantly affected by decisions of the Carter administration and the 95th Congress on jobs, capital formation, inflation, monetary and fiscal policy. Key government and private sector leaders will probe these issues and explore the short-range and long-range consequences for the business community and our economic system.

Afternoon
Sessions:

GETTING THE COMPETITIVE EDGE IN DEALING WITH GOVERNMENT (PART I)

Three simultaneous "how to" sessions providing practical and helpful advice and information for business people and organization executives on ways to deal more effectively with federal government agencies, regulations and paperwork.

1. INTERNAL REVENUE SERVICE. A down-to-earth workshop featuring facts and advice on the "do's and don'ts, can's and can'ts" of business and organization relations with the Internal Revenue Service.

2. EEOC. This program is designed to help both small and large business cope with the realities of equal employment requirements, and avoid ill-considered actions that could lead to civil or criminal penalties.

3. PUBLIC EMPLOYEE UNIONIZATION. The cost of government at all levels is escalating and business savvy is needed on the management side of the table in public employee bargaining. This session will provide practical information on steps that business can take to strengthen public officials and help communities deal with organized labor's encroachments on our democratic process.

EVENING

STATE CONGRESSIONAL DINNERS AND RECEPTIONS

For detailed information write to the National Chamber. Ticket prices arranged by State Chambers and Associations.

Freedom



Chamber of Commerce of the United States, Washington, D.C.

National Annual Meeting
May 1-2-3-1977

TUESDAY
May 3

Breakfast **ENERGY: CHALLENGE TO A FREE SOCIETY**
Shortages of energy; increasing costs of energy are creating pressures for more government intervention and control when more reliance on a free market in a free society is the answer. This session will offer a realistic series of actions needed to deal with energy issues and outline policies likely to be implemented by the Carter administration.

Second General Session **REGULATION IN A FREE SOCIETY**
This session will examine critically the role of government regulation in a free society—the dangers of over-regulation, and what must be done to return to a balance between the regulated and the regulators if a free society is to be maintained. It will describe the new administration's plans to deal with government regulation.

Luncheon **THE VALUE OF FREEDOM: NEW DIMENSIONS IN AMERICAN FOREIGN POLICY**
Important developments on the international scene are posing significant questions relating to trade, detente with the Soviet Union, conditions in the Middle East, defense and other international issues. Key government and private sector leaders will discuss policies that should prevail in American international relations in the years ahead if the United States is to preserve its security and leadership role.

Afternoon Sessions **GETTING THE COMPETITIVE EDGE IN DEALING WITH GOVERNMENT (PART II)**
Three simultaneous "how to" sessions providing practical and helpful advice and information for business people and organization executives on ways to deal more effectively with federal government agencies, regulations and paperwork.
1. OSHA. This program is designed to help business people who are trying to cope with inspections, regulations and decisions of the Occupational Safety and Health Administration. Practical advice on what to say, how to say it, and what to do.
2. ENVIRONMENTAL PROTECTION AGENCY. The EPA has become a major force affecting costs to business and consumers. This session will alert business people to the range of regulatory impacts, and will offer guidance on ways to penetrate the administrative web and resolve problems.
3. PRODUCT LIABILITY. The recent and growing wave of huge court settlements and awards in product liability cases is posing serious problems of cost and availability of insurance, and is raising key questions on the fairness and adequacy of the laws of our 50 states. This session will identify courses of action that business people and their organizations can pursue to obtain relief and achieve an equitable, new legal climate in which to do business.

EVENING **65TH ANNUAL DINNER OF THE CHAMBER OF COMMERCE OF THE UNITED STATES**
The premier festive event of our 65th year, introducing the new Chairman of the Board, Officers and Directors of the National Chamber, plus honored guests, and featuring outstanding entertainment. At the conclusion of the entertainment program, there will be an open cash bar and dancing.

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Nation's Business



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DIGITAL WATCH (Continued from Inside Back Cover)



The expensive metal bracelet has the equivalent of 92 finely-hinged links and is completely adjustable. Simply slide the adjustment mechanism to the most comfortable position on the band for your wrist size and lock it in place. Then, whenever you have to put on your watch, simply hook the strap into the already pre-set adjustment mechanism and snap it shut. It's fast and simple and gives you the most comfortable fit of any watch by conforming exactly to the contour of your wrist.

which we advertise. We realize that a quality watch warranted for five years is a serious investment and our reputation for service and customer satisfaction must be unsurpassed. Most important, check with our customers. For almost two years we have sold and serviced the Sensor watch. We are proud of our record and will gladly share it with anyone who inquires.

The Sensor Laser 440 is manufactured exclusively for JS&A by Micro Display Systems, a leader in the new emerging watch technology and a well-financed company backed by one of the world's major manufacturers.

STANDING BEHIND A PRODUCT

The Laser 440 is everything you would want in a digital watch: a major advance in digital watch technology, all the really important functions you'll need, a service contract so solid that you'll never have to leave your home if service is ever required, and a product of unsurpassed quality and accuracy. But it is only after you receive it that you will convince yourself of its beauty, its design, its fit and the accuracy of our claims. For that reason we give you a one month trial period. Wear the Laser 440 for one full month. Check its accuracy, its feel and show it to others. Compare it to all other digitals. If you are not totally convinced that the new Laser is the finest digital watch at any price, then return it for a prompt and courteous refund.

To order your Laser 440 for a personal trial, simply call our toll-free number below and give us your credit card number or send us your business or personal check. There are no postage or handling charges (Illinois residents add 5% sales tax) and it will be sent to you promptly by United Parcel Service unless you specify otherwise.

A REVOLUTION IN TECHNOLOGY

There is a revolution taking place in the watch industry. Some digitals are getting thinner, some have dozens of new functions and some claim exceptional visibility. None have all the features in one quality timepiece. The new Laser 440 does. Order yours at no obligation today.

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BUSINESS: A LOOK AHEAD

Business Seeks Reasonable Standards on Air Quality

A major roadblock to setting reasonable air quality standards is the lack of an adequate data base for Congress and federal agencies to use.

As a solution, the Chamber of Commerce of the United States recommends that the Clean Air Act of 1970, which is up for renewal this year, be amended to include a requirement for a National Commission on Air Quality. This advisory group, to be composed of recognized experts, would be similar to the water quality commission authorized under the Clean Water Act. The commission would evaluate a wide variety of data on air quality and make recommendations to the government.

Business sees creation of such a commission as the best way to take some of the politics and emotionalism out of the air quality issue.

At the same time, business groups are resisting the dogmatic application of two air quality concepts that hinder economic growth and increase unemployment—nondegradation and nonattainment.

A 1973 Supreme Court decision interprets the present clean air law to mean that, even if the air in an area is much purer than the levels prescribed by the Environmental Protection Agency, no new industries may come in that would degrade the atmosphere from present levels. The business viewpoint is that this means a no-growth policy with respect to new, heavy industry.

Likely to get more attention this year is the clean air law's provision on nonattainment. This provision requires the states or the Environmental Protection Agency to forbid construction, in areas whose air quality does not meet prescribed levels, of facilities that would be large sources of pollution.

The nonattainment rule hinders industrial development in heavily populated and industrial regions which have not yet met EPA standards because of man-made pollution. Also, most coastal regions are affected because natural environment phenomena keep them below the standards.

Application of the nonattainment rule in an area promotes flight of plants and employment to other parts of the nation. Business sees the rule as patently unfair.

ICC Asks More Power Over Railroad Acquisitions

The Interstate Commerce Commission has asked Congress for approval authority over the acquisition of any Class I railroad, a railroad with annual operating revenues of \$10 million or more.

Currently the Interstate Commerce Act requires prior commission approval of the acquisition of control over a regulated carrier only if the transaction would result in common control of two or more carriers.

The ICC request comes as a result of a study of conglomerates and other corporate structures presently found in the railroad industry. The agency concludes that, due to the importance of major railroads to the economy, transfer of control should not be allowed without regulatory agency approval.

Big Shift to Coal Predicted

A major thrust of the new Carter energy policy is greater use of coal, but the electric utilities were already aiming in that direction.

Electric utility plans now on the drawing boards indicate utilities will burn 90 percent more coal by 1985 than they did last year.

A Federal Power Commission survey estimates consumption of coal by utilities will rise from 406 million tons in 1976 to 770 million tons by 1985. There will be 229 new coal-fired generating units by then, FPC says.

Surprising growth is predicted in Arkansas, Louisiana, Oklahoma, and Texas. Total increased demand at new units in those states is forecast to rise from 9.1 million tons to 124.2 million tons by 1985.

OSHA Reduces Paperwork for Many Small Firms

The paperwork burden for tens of thousands of businesses is slated to ease, thanks to a new policy of the Occupational Safety and Health Administration. OSHA plans to exempt businesses with up to ten employees from its record-keeping requirements.

The act creating the agency exempted firms with seven or fewer employees from the requirements and gave OSHA the option to modify this number in the interest of cutting the work load on businesses.

Immediately affected will be firms in 27 states and the District of Columbia. The other 23 states and the Virgin Islands, which administer their own OSHA-approved programs, can adopt a similar rule if they wish.

Bright and Dark Spots Forecast for the Economy

The economic growth outlook is good for this year and somewhat less promising for next, according to Dr. Jack Carlson, vice president and chief economist of the Chamber of Commerce of the United States.

He foresees an even slower rate of economic growth in 1979.

If economic measures proposed by the Carter administration are adopted, Dr. Carlson says, business investment is likely to grow only modestly, with short-term interest rates rising rapidly and long-term rates more slowly. Dr. Carlson also says:

"Instead of unemployment at 4.5 percent in 1980, it is likely to be more than six percent. Instead of federal expenditures slowing down to 21 percent of the gross national product, they most likely will account for more than 23 percent of the GNP."

He forecasts an increase in the inflation rate to 6.5 percent in 1977 and seven percent in 1978.

Central Cities Warned They Must Enlarge or Decline

Central cities must annex or wither away.

That clear warning comes from the Advisory Commission on Intergovernmental Relations. A commission report, "Trends in Metropolitan America," reviews the situation in the 85 largest standard metropolitan statistical areas. It concludes that central cities boxed in by suburbs and unable to annex outside their present boundaries "are in a dangerous decline in economic and political importance."

In the worst shape are Eastern and Midwestern cities. Specifically mentioned as suffering declining economic bases in comparison with their suburbs are Baltimore, Boston, Buffalo, Chicago, Cleveland, De-

troit, Milwaukee, Newark, New York City, Philadelphia, and St. Louis.

During the past four decades, the commission found, the boundaries of all but three central cities in major Eastern metropolitan areas have remained virtually unchanged. The exceptions are Baltimore, Providence, and Springfield, Mass.

Divestiture Advocates Focus on Farms as Well as Energy

You can expect to hear that word divestiture cropping up more and more this year, but not just as part of efforts to break up large oil companies.

Sen. James Abourezk (D.-S. Dak.) has reintroduced a bill that would strip agribusiness corporations of their farm properties within five years. The way he sees it, agribusiness corporations will control 50 percent of food production by 1980 and 75 percent by 1985 unless Congress passes such legislation. Eleven other senators are cosponsoring the bill, which would require corporations holding more than \$3 million in nonfarm assets to divest their farm properties.

There is more immediate business interest, however, in H. R. 3370, a bill which would ban both vertical and horizontal integration in the energy field. H. R. 3370 is slated for hearings before the House Judiciary Committee this spring. Under this measure, a company could be in only one phase of the oil business—production, refining, transportation, or retailing. Also, an energy corporation could not have holdings in more than one energy resource, except in the case of oil and natural gas. A company could not, for example, have holdings in both oil and coal or in natural gas and nuclear power.

Business groups have fought previous efforts to force the breakup of energy corporations and will do so again.

Ban Urged on Required Sharing of Electronic Fund Systems

State laws requiring financial institutions to share point-of-sales and automated-teller fund transfer systems with other businesses would be nullified under legislation urged by a federal study group.

The National Commission on Electronic Fund Transfers says that these laws inevitably mean fewer competitors. The group recommends that such sharing of facilities for transferring funds without use of checks be permitted only when the arrangement promotes competition.

A major impetus in states for mandatory sharing has been fear that small depository institutions will lose deposits because they cannot afford to establish their own systems or have access to networks operated by larger concerns. □

A Striking Victory for Business

BIG LABOR'S winter blitzkrieg to win speedy passage of construction site picketing legislation has fizzled.

Late in the day on March 23, the U.S. House of Representatives voted down the proposal generally referred to as common-situs picketing.

It was a striking defeat for big labor that was brought about by the combined efforts of the Chamber of Commerce of the United States and other business organizations.

The vote was close, 217 to 205. The issue cannot be considered closed. For more than a quarter-century, labor leaders sought passage of such a measure, and their hard pressure on Congress since the new President took office last January was the initial phase of a plan that promised serious consequences for the entire business community.

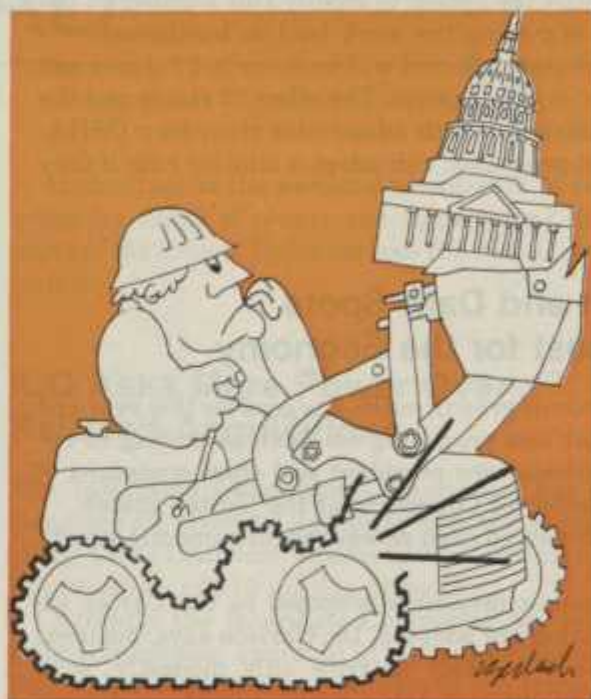
The bill would have empowered union workers with a grievance against one subcontractor at a construction project to close down the entire project. In addition, labor law specialists believed the bill's wording would have enabled a union with a grievance against a subcontractor at a single construction site to close down every construction project where that employer was at work.

Labor's strategy was to command prompt passage of common situs, thereby demonstrating that union political power could not be denied. President Carter had agreed to sign the bill.

AFL-CIO strategists believed that passage of the bill would set the steamroller in motion for approval of big organized labor's other legislative goals.

These goals include:

- Repeal of the right-to-work provision of the Taft-Hartley Act.
- A \$3-per-hour minimum wage and an indexing formula that would guarantee annual increases in the minimum wage.



- Federalization of the workmen's compensation program.
- Strike authority for public employees.
- Labor law amendments that would work to the advantage of union organizers.

Passage of all or even some of these measures obviously would have a staggering impact on business.

The defeat of the common-situs bill in the House has not cooled big labor's passion for adoption of other goals. Big labor knows that the margin of power can be tipped with just a little more effort by labor's lobbyists—or by just a little less effort on the part of those who understand the evils of these measures.

The 95th Congress is barely three months old. The next big battle is not far off. Now is the time for business people who want their views known on labor's demands to give priority to contacting their senators and representatives. □

Digital Watch Breakthrough

There are several big changes taking place in digital watches. Here are all of them in one product.

Your digital watch is either too thick, uses up batteries quickly, has just a few functions or is hard to read under certain lighting conditions. You still have to press a button, flick your wrist, or hold your watch at just the right angle to read the time.

The digital watch industry has gone through four years of rapid change, but the disadvantages cited above have finally been resolved in one totally new product—the Sensor Laser 440 Digital. The Laser 440 is so different that it represents a dramatic departure from conventional digital watches.

NO BUTTON TO PRESS

There is no button to press since the display glows in the dark. A glass ampoule, charged with tritium and phosphor and sealed by a laser beam, is placed behind the new CDR (crystal diffusion reflection) display. When room lights dim, the self-contained tritium light source will compensate for the absence of light by glowing brightly and illuminating the display.

No matter when you wear your watch—day or night—just a glance will give you the correct time. There's no button to press, no special viewing angle required, and most important, you don't need two hands to read the time.

CHANGE YOUR OWN BATTERIES

The Laser 440 is only 8 millimeters thick—thinner than many of the so called thin digital watches being advertised today. The new CDR display draws 100,000 times less current than an LED watch when displaying the time so your single commercially-available Union Carbide battery lasts years longer. In fact, part of our warranty includes all the batteries you'll ever need, free of charge, for five full years. To replace a battery, simply open up the battery hatch on the back of your watch, tap out the old battery and drop in the new one.



Most digital watches have dozens of electronic components. The Laser 440 has only six—two integrated circuits, a crystal and three micro-capacitors. All components are bonded directly on the printed circuit board. By hermetically sealing the integrated circuits and using fewer components, the Laser 440 is considerably more reliable than other watches that do not yet have this complete integration.



The new Sensor Laser 440 digital watch glows in the dark so there's never a button to press to read the time in darkness or in sunlight.



THE ULTIMATE ACHIEVEMENT

Other manufacturers have devised unique ways to produce a watch you can read at a glance. The \$300 LED Pulsar requires a snap of the wrist to turn on the display, but the Pulsar cannot be read in sunlight and its display uses 100,000 times the current of the Sensor display. The \$400 Longine's Gemini combines both an LED and liquid crystal display. (Press a button at night for the LED display, and view it easily in sunlight with the liquid crystal display.) But you must still press a button to read the time. All these applications of existing technology still fail to produce the ultimate digital watch: one you can read under all light conditions without using two hands. Until the new Laser 440.



And if you've owned a digital watch for a year, chances are you've had it in for repair more than once—a very common consumer complaint. The Laser 440 is so service-free and has such high quality that it should rarely, if ever, require service. It is backed by a solid five-year warranty—your assurance of our commitment to this outstanding new product.

The Laser 440 has both time and stop watch functions. Six digits are on display—four large digits and two small ones. You choose between hours, minutes and seconds or hours, minutes and date by pressing a button. The Laser memory remembers the number of days in a month and resets automatically on the first day of the new month.

The 440 is also available in an 11 function chronograph (stop watch) and is truly the ultimate Laser timepiece. You can time two separate laps of a multilap race keeping one lap in memory. You can accumulate time; you can view the time of one lap while con-

tinuing to time a lap stored in memory. As a business executive, you can time long distance phone calls and interviews. Lawyers can keep track of their services, and doctors can time the vital signs of their patients. Even while the chronograph is functioning, you can still view the time—something even many of the expensive digital chronographs cannot do.

BUILT DIFFERENTLY

All wires have been replaced with circuitry printed on one single thin surface. On this same surface are two integrated circuits which use gold contacts and are hermetically sealed to protect their several thousand micro components. The American-made Laser is shock resistant and uses a tough mineral glass crystal to protect the rugged electronics from the everyday water and humidity tortures normally given any watch.

NEW QUARTZ BREAKTHROUGH

Digital watch accuracy depends on the quartz crystal. Even the best crystals change frequency with shock or age (especially when first produced). The Laser 440 uses the new and very expensive, tuning fork crystal. It is first aged to not shift frequency more than five parts per million per year (more accurate than most radio or TV time signals) so the extreme accuracy you expect is built into your watch from the first day you wear it. The crystal is cushioned and solidly bonded to the crystal carrier eliminating all fine wires that may break from shock. In short, the advanced design of the crystal will assure guaranteed accuracy greater than 5 seconds per month—year after year after year.

The Laser 440 is ideal for pilots because of its cockpit visibility and chronograph functions, perfect for the businessman who depends on his watch for split-second accuracy and the ultimate watch for anybody who wants unquestionably the finest digital watch ever offered at any price.



The Laser 440 is not only thin but is designed to conform to the contour of your wrist. A bulky digital watch can become annoying to wear—especially if you have a thin wrist.

HOW WE PROVIDE THE FINEST SERVICE

Can our company provide better service than even your local jeweler? We think so. If your Laser malfunctions during its unprecedented five-year warranty, just call us on our toll-free line. We have made arrangements with United Parcel Service to pick up your Laser at your door, at our expense, and we give you a loaner watch to use while your Laser is repaired. You pay nothing to have your watch serviced during its five-year warranty (that is if service is ever required) and we are as close as your phone or door.

5 YEAR LIMITED WARRANTY

Two solid companies are behind your new Laser. JS&A is America's largest single source of space-age products—a substantial company and a leader in electronics for over a decade. Our commitment to the consumer and to service is a matter of record. Check with the Better Business Bureau in your very own community, the Northbrook, Illinois Chamber of Commerce (312) 498-5555, or any of the 100 national magazines and newspapers in (Continued on Page 61)

OVER 6,000 REASONS WHY CHEVY TRUCKS STAY TOUGH.



It's not tough to keep them tough. It's nice to know that when your truck carries the Chevrolet nameplate, you have convenient access to over 6,000 Chevrolet dealer authorized service centers across the country.

Chevy dealers have the know-how to help make short-time out of downtime. Chevy service technicians can take advantage of regularly updating, honing and increasing their service skills at any one of 30 GM Training Centers. Here, they can receive proper, authorized medium-duty Chevrolet training on new techniques, as well as correct new model service and maintenance procedures.

When you own a Chevy Medium-Duty Conventional, you own a tough one. You also have the largest available service network in the country to help keep them tough.

Built the tough way...your way.

[A] Reinforced hood uses two pieces of steel welded together for torsional rigidity. [B] Massive front bumper for large protective area. [C] Wide-track front axles are drop-forged steel I-beams with rated capacities from 5,000 to 12,000 lbs. [D] Strong channel cross-

members have alligator-jaw outer ends for a wide "bite" at top and bottom of frame. [E] Tandem frames are high-tensile steel with full-depth channel-type side rails and inverted "L" reinforcements. [F] Tandem axles with Hendrickson suspension are available in capacities of 30,000 and 34,000 lbs. [G] Disc or cast-spoke wheels are available. [H] Standard vacuum-hydraulic brakes are self-adjusting.



BUILT TO STAY TOUGH